



Telekom Slovenije

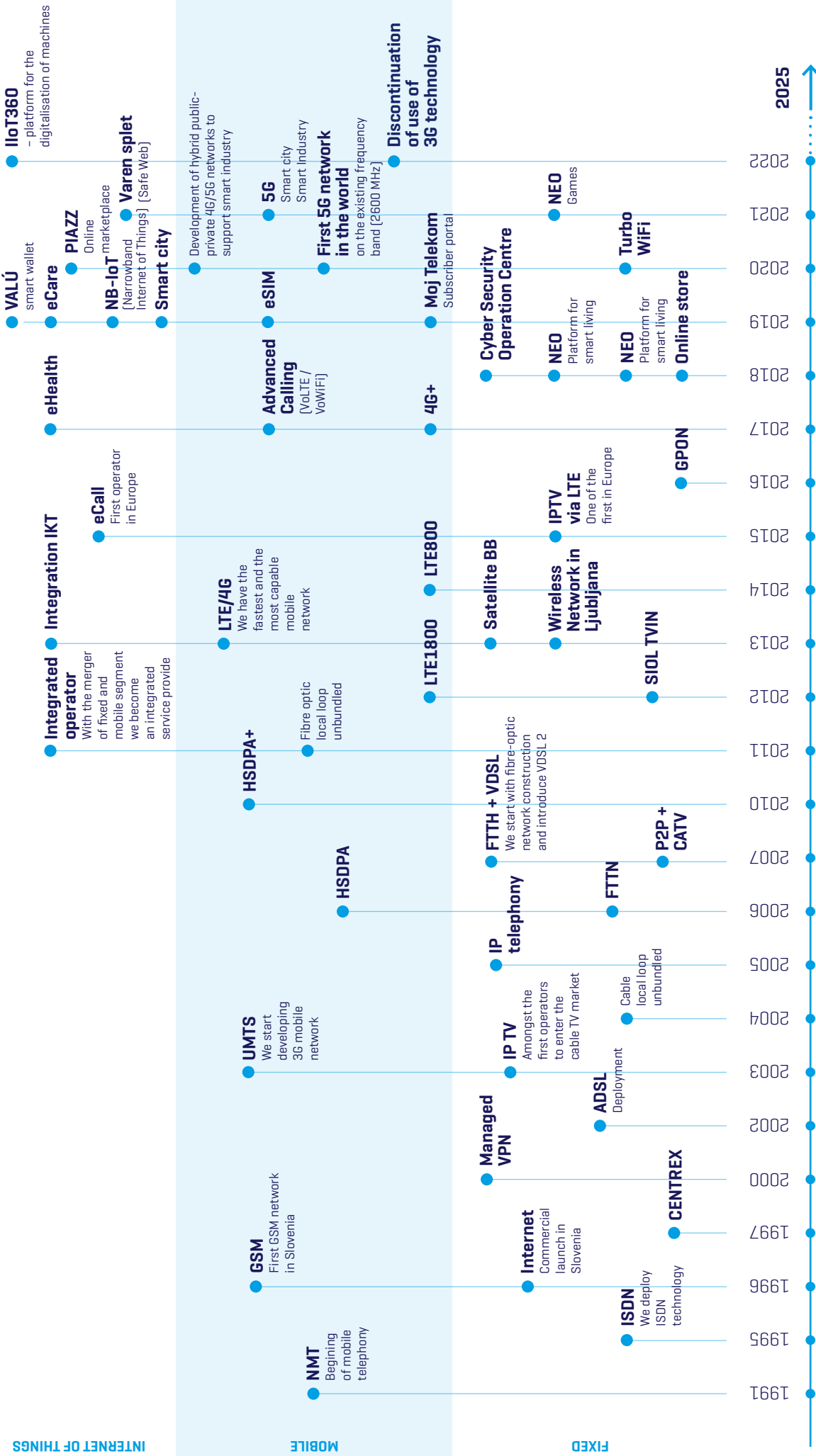
ANNUAL REPORT

of the Telekom Slovenije Group and
Telekom Slovenije, d.d. for 2022

#CONNECTED



DEPLOYMENT OF TELEKOM SLOVENIJE NETWORK & SERVICES



#CONNECTED

IT'S MORE THAN A HASHTAG. IT'S THE KEY TO SUCCESS.

Just as we cannot be un-communicative, we cannot be un-connected in today's world. Our superior mobile and fixed networks ensure that users are **#connected rapidly, reliably and securely**, anytime and anywhere.

In smart cities and smart homes. In smart industries and smart offices. With smart devices in pockets and smart services in the cloud.

All of this technology has become nearly imperceptible. Because it **simply works** and because its power is hidden **in the hands of users**. For them, #connected means that their closest ones **are never far away**. That they can **communicate** and **access content** securely anywhere. That companies **can operate** securely, sustainably and effectively. That everyone concerned about security, health and the smooth functioning of society can **perform their work reliably**.

For us, #connected is more than a hashtag; it's our core commitment to create proximity through superior technology.



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Just as we refuse to compromise on quality, speed and reliability, only the best is good enough for us in terms of security. Our services ensure the cyber and information security of our users every step of the way in the digital world. We simplify all aspects of the lives and business of users with comprehensive solutions, and we encourage them to always hope for the better. Despite the challenges we face, we show what can be accomplished when we are #connected. We do not make a distinction between the achievement of objectives and the exceeding of expectations through technology, but through human proximity: by understanding, by working together and by connecting.



THE TELEKOM SLOVENIJE GROUP
IN 2022

**#CONNECTED
WE EXCEED
EXPECTATIONS**



1 TELEKOM SLOVENIJE GROUP IN 2022

1.1 ABOUT THE TELEKOM SLOVENIJE GROUP¹

Telekom Slovenije, d.d. [hereinafter: Telekom Slovenije] is the leading provider of comprehensive communication services in Slovenia. It connects users and simplifies their lives, and ensures security through a range of the most advanced ICT services and solutions.

The Telekom Slovenije Group operates in South-East Europe. In addition to being the national communications operator in Slovenia, the Group is present through its subsidiaries in Kosovo, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and North Macedonia.

Company: Telekom Slovenije, d.d.

Registered office: Ljubljana

Address: Cigaletova ulica 15, 1000 Ljubljana

Registration number: 5014018000

VAT ID number: SI98511734

Entry in the companies register: 1/24624/00, Ljubljana District Court

Number of shares: 6,535,478

Ticker symbol of no-par-value shares: TLSG

Telephone: +386 1 234 10 00

Website: <http://www.telekom.si>

Email: info@telekom.si

LinkedIn: [telekom-slovenije](https://www.linkedin.com/company/telekom-slovenije)

Facebook: [TelekomSlovenije](https://www.facebook.com/TelekomSlovenije)

Instagram: [Telekom_Slovenije](https://www.instagram.com/Telekom_Slovenije)

Twitter: [@TelekomSlo](https://twitter.com/TelekomSlo)

YouTube: [TelekomSlovenije](https://www.youtube.com/TelekomSlovenije)

TikTok: [TelekomSlovenije](https://www.tiktok.com/@TelekomSlovenije)

The shares of Telekom Slovenije are listed on the prime securities market of the Ljubljana Stock Exchange. See section 6. [Share trading and ownership structure](#) for more information.

Contact for investors and shareholders
ir@telekom.si and skupscina@telekom.si

Contact for users
info@telekom.si

Contact for information regarding the annual report and sustainable development report²

Corporate Communications: pr@telekom.si

THE ACTIVITIES OF THE TELEKOM SLOVENIJE GROUP COMPRISE:

- fixed and mobile communication services, and ICT solutions,
- digital and multimedia content and services,
- system integration and cloud computing services,
- the development and implementation of solutions for managing business content, and tools for managing and monitoring operations,
- the construction and maintenance of telecommunication networks,
- cyber security and the Internet of Things (IoT),
- other services, such as financial services, eCare solutions, insurance, smart home, city, community and industry solutions, and e-mobility,
- the production and sale of cardboard sleeves and packaging, and the control and upgrading of terminal equipment, and
- the preservation of natural and cultural heritage in the Sečovelje Salina Nature Park.

1 GRI 2-1
2 GRI 2-3



MARKETS AND COMPANIES OF THE TELEKOM SLOVENIJE GROUP³

The Telekom Slovenije Group comprises the parent company Telekom Slovenije and its subsidiaries, and operates in seven countries. The composition of the Telekom Slovenije Group and participating interests as at 31 December 2022 are presented in the picture below, and in more detail on the website <https://www.telekom.si/en/about-us/company/telekom-slovenije-group>.

Composition of Telekom Slovenije as at 31 December 2022



There were no changes in the composition of the Telekom Slovenije Group or in the ownership of subsidiaries in 2022. The liquidation of GVO Telekomunikation GmbH, which is owned by GVO, began in March 2022. The completion of liquidation and the deletion of GVO Telekomunikation GmbH from the companies register in Germany are expected during the first half of 2023.

Telekom Slovenije is the founder of the Heart Foundation, the aim of which is to help the children of employees of Slovenian Telekom Slovenije Group companies who have lost a parent or who are seriously ill. The majority of the foundation's funds are contributed by the employees of Slovenian Telekom Slovenije Group companies.

1.2 ABOUT THE ANNUAL REPORT⁴

DRAFTING OF THE REPORT AND SCOPE OF REPORTING

The annual report is prepared and coordinated by the Controlling and Corporate Communications organisational units. Data and information are captured with the help of structured questionnaires, the content of which is prepared by experts for specific areas from Telekom Slovenije Group companies. The accounting report is compiled by the Finance and Accounting organisational unit.

Information regarding operations and indicators of sustainable operations in the annual report relates to the calendar year from 1 January to 31 December 2022. Reporting on sustainable content relates to the Telekom Slovenije Group, which comprises Telekom Slovenije, GVO, TSmedia, Soline, Avtenta, TSinpo and IPKO. For content where standard reporting guidelines are not yet in place for the entire Group, we explain in each specific case whether the content applies only to the parent company or a specific Group company. Financial reporting relates to the parent company and its subsidiaries, as explained in Note 5 in the Financial Report.

There were no significant changes to data from previous years or to reporting limitations. In the event of changes in a methodology used to disclose data, the reasons for those changes are clarified in the accompanying comments.

STATEMENT REGARDING THE NON-FINANCIAL OPERATIONS OF THE TELEKOM SLOVENIJE GROUP FOR 2022

Reporting on the operations of the Telekom Slovenije Group and Telekom Slovenije is carried out in line with the requirements of the International Financial Reporting Standards (IFRS) and national legislation (Companies Act – ZGD-1K).

Our progress in environmental, social, governance (ESG) and economic areas is presented comprehensively in the annual report in accordance with the international Global Reporting Initiative (GRI) standards. We have been reporting in accordance with the GRI guidelines since 2009, while this report is compiled in accordance with the GRI's newest standards (Universal Standards, 2021). To that end, we also take into account the previous generations of GRI recommendations for the ICT and IT sectors and the media. We also disclose in the annual report our contribution to the sustainable development goals of the United Nations and compliance with certain indicators of the SASB (Sustainability Accounting Standards Board) standard for the ICT sector.

Non-financial information is included in all chapters, which can be seen from the references to GRI indicators throughout the report and from the transparent GRI content index. The inclusion of information regarding non-financial operations and the diversity of management and supervisory bodies is in line with the requirements of the new Companies Act [ZGD-1K] adopted in 2021. When monitoring operations, we also take into account Alternative Performance Measures [APM] in accordance with the ESMA Guidelines, and monitor legislation in the area of non-financial reporting.

Telekom Slovenije has a permanent working group for sustainable operations that monitors legislation and trends in the area of sustainable development, and proposes recommendations and measures in that area. Disclosures of proportions of taxonomy eligible and non-eligible economic activities as set out in Commission Delegated Regulation [EU] 2021/2178 of 6 July 2021 supplementing Regulation [EU] 2020/852 are published in point [8.4.1 Disclosures of indicators for economic activities that are included in the 2022 EU Taxonomy](#).

3 GRI 2-1

4 GRI 2-2, 2-3, 2-4

1.3

MATERIAL IMPACTS ON THE OPERATIONS OF THE TELEKOM SLOVENIJE GROUP⁵

We identify the impacts of the social, economic and natural environment that may have a material effect on our operations or our ability to implement strategic policies through a stakeholder analysis and materiality assessment. We defined stakeholder groups through various activities in previous years and included them in Telekom Slovenije’s Corporate Governance Policy, which we explain in more detail in point 1.5 Inclusion and participation of stakeholders. Through analysis, we prioritise our sustainability aspects, while striving to identify and understand the relevance of such topics for our stakeholders.

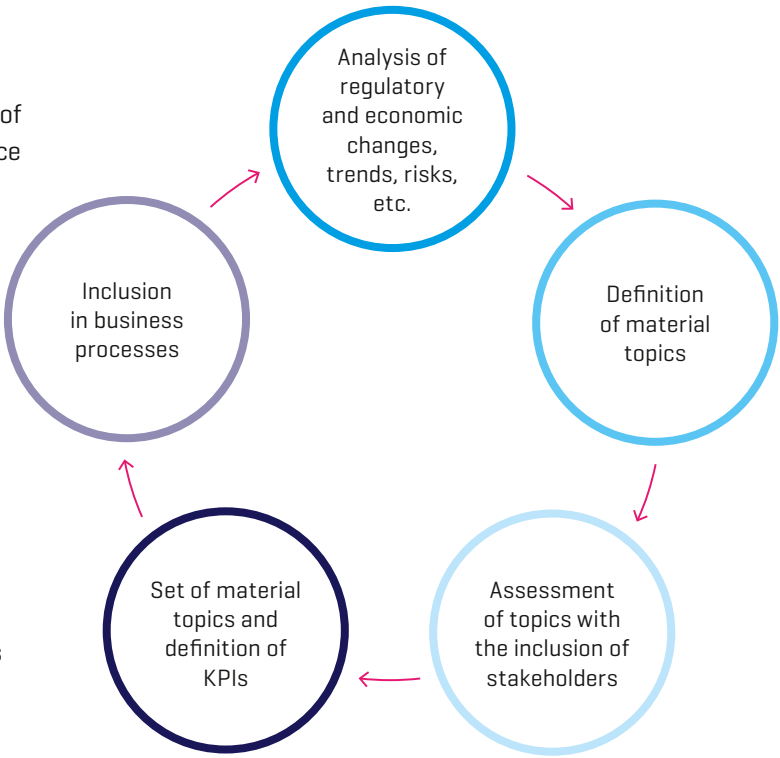
A set of key sustainability topics was developed based on the recommendations of industry associations [ETNO] and international sustainability reporting standards [GRI and SASB], perceived risks and changes in regulatory requirements [CSRD and EU taxonomy], and by monitoring the best practices of telecommunications operators. Such carefully selected and evaluated material topics, shown below in a materiality matrix, guide our business processes and represent the basis for the development of key performance indicators. They also represent guidance in the preparation of the content and scope of our sustainability reporting.

We perform a stakeholder analysis and materiality assessment every year, while we expanded the circle of internal and external stakeholders in 2022. A workshop was organised to update and assess material topics, and was attended by 22 Telekom Slovenije employees (members of the working group for sustainable operations, the directors of organisational units and experts in specific areas). We discussed the appropriateness of existing sustainability topics and made adjustments as required. We included a new topic among material topics [the protection of the Company’s assets], reformulated two topics [partnerships and risk management in the supply chain and superior quality of the network and services] and eliminated one topic

[wide access to services and responsible infrastructure expansion], as it is already part of a related topic. We assessed the proposed new topics in terms of their impact on the operations of the Telekom Slovenije Group.

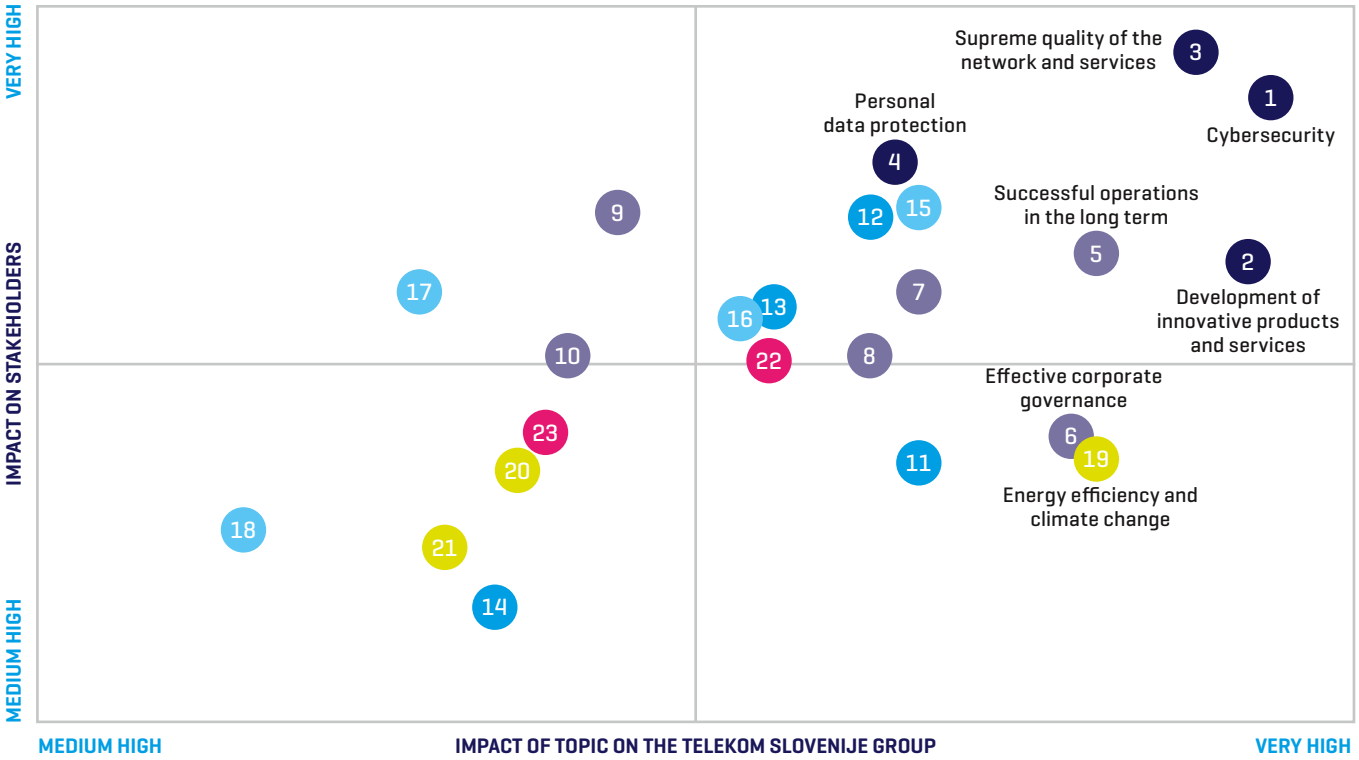
The impact of material topics was then assessed by stakeholder groups via a questionnaire on Telekom Slovenije’s website, and for the first time via specific-purpose quantitative questionnaires. That assessment included 2,736 users [residential and business users, and the general public], 207 Group employees, 83 suppliers [including 13 foreign suppliers], 32 shareholders and investors, nine representatives of the local and wider community, and two representatives of regulatory bodies.

PROCESS OF DEFINING MATERIAL TOPICS AND INCLUSION IN THE TELEKOM SLOVENIJE GROUP’S OPERATIONS



The persons responsible for preparing the content of the annual report were briefed on the results of the process and assessment of material topics at a workshop attended by 48 employees from Slovenian Group companies.

MATERIALITY MATRIX FOR TOPICS IN CONNECTION WITH THE SUSTAINABLE OPERATIONS OF THE TELEKOM SLOVENIJE GROUP⁶



Material sustainability aspects	Material sustainability topics	Impact of topic for the Telekom Slovenije Group	Importance for stakeholders	Trend
Superior user experience	1 Cybersecurity	●●●●●	●●●●●	↑
	2 Development of innovative products and services	●●●●●	●●●●●	↑
	3 Superior quality of the network and services	●●●●●	●●●●●	↻
	4 Personal data protection	●●●●●	●●●●●	↻
Responsible and successful operations in the long term	5 Successful operations in the long term	●●●●●	●●●●●	↻
	6 Effective corporate governance	●●●●●	●●●●●	↻
	7 Ethical and transparent operations	●●●●●	●●●●●	↑
	8 Compliance	●●●●●	●●●●●	↻
	9 Respect for human rights	●●●●●	●●●●●	↻
	10 Protection of Company’s assets	●●●●●	●●●●●	↻
Concern for talented employees and a stimulating work environment	11 Attractive employment opportunities for perspective employees	●●●●●	●●●●●	↑
	12 Training and personnel development	●●●●●	●●●●●	↻
	13 Healthy and safe working environment	●●●●●	●●●●●	↻
	14 Diversity and inclusion of employees, and equal opportunities	●●●●●	●●●●●	↻
Digitalised and inclusive society	15 Wide access to services and responsible infrastructure expansion	●●●●●	●●●●●	↻
	16 Technological solutions for tackling today’s social challenges	●●●●●	●●●●●	↑
	17 Promotion of digital literacy	●●●●●	●●●●●	↻
	18 Support for sport, culture, science and humanitarian causes	●●●●●	●●●●●	↻
Mitigation of climate change and the efficient consumption of natural resources	19 Energy efficiency and climate change	●●●●●	●●●●●	↑
	20 Responsible consumption and protection of biodiversity	●●●●●	●●●●●	↑
	21 Circular economy and waste management	●●●●●	●●●●●	↑
Comprehensive supply chain management	22 Partnerships and risk management in the supply chain	●●●●●	●●●●●	↑
	23 Management of sustainability aspects in the supply chain	●●●●●	●●●●●	↑

5 GRI 3-1

6 GRI 3-2



1.4

ACHIEVEMENT OF SDGS

With their infrastructure and services, telecommunications companies play an important role in the achievement of the United Nations’ Sustainable Development Goals [SDGs] as key content of that organisation’s Agenda 2030. We strive to include SDGs in our operations and the management of sustainable impacts to the greatest extent possible. Below we present an overview of how and in what areas we contribute to the achievement of those goals, and which goals the Telekom Slovenije Group set itself in that respect for 2022.

SDGS TO WHICH THE TELEKOM SLOVENIJE GROUP CONTRIBUTES THROUGH ITS OPERATIONS

PRIMARY



MATERIAL



MODERATE



REVIEW OF THE ACHIEVEMENT OF THE TELEKOM SLOVENIJE GROUP’S SDGS

SDG	Our efforts	Our objectives
 1 NO POVERTY	To provide all persons, particularly the poor and vulnerable groups, equal access to economic resources, basic services, natural resources, new technologies and financial services.	<ul style="list-style-type: none">Services for vulnerable user groups: more information in point 8.2.2Employment and training of disabled persons: more information in point 8.2.2Sponsorship and donation activities: more information in point 8.2.1
 3 GOOD HEALTH AND WELL-BEING	To achieve universal access to healthcare, high-quality healthcare services, and safe, effective and affordable medicines.	<ul style="list-style-type: none">Smart system of integrated healthcare: more information in point 4.4.
 4 QUALITY EDUCATION	To provide professional training in the area of information and communication technology.	<ul style="list-style-type: none">Employee education and training in the area of ICT.System of scholarships for secondary school and university students, included in ICT study programmes.Co-financing of school and study programmes in the area of ICT. See point 8.2.3 for more information.
 5 GENDER EQUALITY	To ensure the full and effective participation of women and equal management opportunities at all levels.	<ul style="list-style-type: none">Diversity of members of the Management Board and Supervisory Board: more in point 5.3 Management and supervisory bodies.
 7 AFFORDABLE AND CLEAN ENERGY	To improve energy efficiency.	<ul style="list-style-type: none">Efficient energy management system: more information in point 8.4.
 8 DECENT WORK AND ECONOMIC GROWTH	To promote inclusive and sustainable economic growth, full employment and decent work.	<ul style="list-style-type: none">Well-being and concern for the safety and health of employees.Employment and training of disabled persons.Family-friendly company. See point 8.2.3 for more information.



	SDG	Our efforts	Our objectives
<div><div>9</div><div>INDUSTRY, INNOVATION AND INFRASTRUCTURE</div><div></div></div>	To develop a high-quality, sustainable and reliable infrastructure that will support economic and social development.	<ul style="list-style-type: none">Development of technologies and networks; new research and development projects. See point 8.1.1 for more information.	<ul style="list-style-type: none">We will cover 99% of the Slovenian population with 5G technology by 2026.We will continue to connect an increasing number of Slovenian households to the fibre optic network owned by Telekom Slovenije until 2026.
<div><div>10</div><div>REDUCED INEQUALITIES</div><div></div></div>	To improve access to ICT and ensure an affordable internet for all.	<ul style="list-style-type: none">Broad access to our services: more information in point 8.2.2.	<ul style="list-style-type: none">We provide universal services in accordance with the Telecommunications Act.We facilitate access to the telephone directory and directory service.We implement measures for end-users from vulnerable groups.
<div><div>11</div><div>SUSTAINABLE CITIES AND COMMUNITIES</div><div></div></div>	To promote sustainable urbanisation, and the sustainable planning and management of cities. To implement an integrated policy for inclusion, the efficient use of resources and the mitigation of and adaptation to climate change.	<ul style="list-style-type: none">Smart cities, smart factories and industry: more information in points 4.4 and 8.1.1.	<ul style="list-style-type: none">We ensure the development of comprehensive smart city and community solutions with the aim of managing traffic flows, measuring air quality, managing the infrastructure and effectively managing energy.
<div><div>12</div><div>RESPONSIBLE CONSUMPTION AND PRODUCTION</div><div></div></div>	To achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none">Efficient energy management system: more information in point 8.4.Paperless operations: see point 8.4 for more information.	<ul style="list-style-type: none">We will increase the proportion of electric cars in the vehicle fleet by 2026.We will increase the proportion of all customer invoices issued accounted for by e-invoices by 15 percentage points until 2026.
<div><div>13</div><div>CLIMATE ACTION</div><div></div></div>	To include measures to mitigate climate change in policies, strategies and planning.	<ul style="list-style-type: none">Carbon footprint: see point 8.4 for more information.	<ul style="list-style-type: none">We are reducing the carbon footprint from services and technologies, in particular by increasing energy efficiency.
<div><div>15</div><div>LIFE ON LAND</div><div></div></div>	To ensure the preservation, restoration and sustainable use of terrestrial and freshwater ecosystems and the associated services, in particular forests, wetlands, mountains and drylands in accordance with obligations under international treaties.	<ul style="list-style-type: none">Preservation of wetlands and other ecosystems in the Sečovlje Salina Nature Park: see point 8.4 for more information.	<ul style="list-style-type: none">We preserve natural and cultural heritage in accordance with the Plan on the Management of the Sečovlje Salina Nature Park.
<div><div>17</div><div>PARTNERSHIPS FOR THE GOALS</div><div></div></div>	To improve assess to science, technology and innovations. To increase the use of enabling technologies, in particular ICT.	<ul style="list-style-type: none">Number of fixed broadband internet connections: see point 7.6.2 for more information.Cooperation with secondary schools, faculties and research institutions.Markets and market shares by segment: see point 7.6.1 for more information.	<ul style="list-style-type: none">We will continue to connect an increasing number of Slovenian households to the fibre optic network owned by Telekom Slovenije until 2026.

1.5 INCLUSION AND PARTICIPATION OF STAKEHOLDERS⁷

We identified the Telekom Slovenije Group’s key stakeholders in previous years, and included them in the Corporate Governance Policy of Telekom Slovenije, d.d. Key stakeholders include employees, shareholders and potential investors, users of our services, regulatory and state authorities, financial analysts and other financial publics, suppliers and other business partners, the media, and the local and wider communities. Through various approaches adapted to specific stakeholder group, we strive for inclusive and long-term relationships through which we strengthen trust and cooperation.

Based on direct and indirect relations [research, data analyses, statistics, etc.], we identify mutual impacts and the interests of stakeholders.

Communication with stakeholders is open, balanced, proactive and reactive. We focus on the provision of accurate, relevant and clear messages.

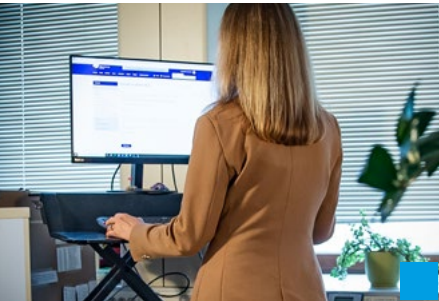
OVERVIEW OF TELEKOM SLOVENIJE’S STAKEHOLDERS AND THE INCLUSION THEREOF

Stakeholders	What is most important to them?	How they are included and frequency of contact	Activities
Shareholders, analysts and other financial circles	<ul style="list-style-type: none">Effective corporate governance;long-term value of an investment;operations that facilitate the payment of stable dividends;relevant, current and timely information about operations, business activities and changes in the value of TLSG shares.	<ul style="list-style-type: none">Investor relations section of the Company’s website;General Meeting of Shareholders (at least once a year);participation at investment conferences (occasional);accessibility via ir@telekom.si, skupscina@telekom.si;timely and clear publications of business and internal information in the Ljubljana Stock Exchange’s SEDnet system;publication of quarterly reports about operations;drafting of the electronic TLSG newsletter to coincide with the publication of quarterly reports about operations and the annual report;publication of the annual report.	<ul style="list-style-type: none">We communicated regularly, proactively and comprehensively with existing and potential shareholders regarding the operations of the Telekom Slovenije Group.We organised two General Meeting of Shareholders.We paid shareholders gross dividends of EUR 4.50 per share in 2022.
Users	<ul style="list-style-type: none">Prompt fault clearance;security of personal data;superior quality networks and the development of services that meet their needs and expectations;security;best quality-to-price ratio;simple and prompt communication with the Group.	<ul style="list-style-type: none">Personal contacts [regular]: Telekom centres, 24/7 contact centre, communication via info@telekom.si and social networks;web services;regular communication regarding the portfolio, services and innovations via broad-reaching media and communication via other channels (invoices, direct mailing, catalogues, trade fairs, social networks, promotions, special events, etc.);possibility of selecting a return call option to avoid extended waits for responses to calls to the contact centre;once a year through migration analyses and twice a year through research according to the mystery shopper principle;through annual user satisfaction research;regular contact through page view statistics;daily measurement of Net Promoter Score [NPS] at touchpoints.	<ul style="list-style-type: none">We present users new services, the portfolio and other content relevant to them via numerous [physical, electronic and digital] channels.We cover more than 97% of the population with the LTE/4G network, more than 84% of the population with the LTE-A/4G+ network, and more than 40% of the population with the 5G network. We included an additional 59 small cells for the needs of internal coverage.In 2022, we received 440,485 calls and 162,655 emails from users, and made 8,114 video identification calls. We are accessible by users via the online chat features in Twitter and Facebook: we recorded 13,015 such contacts in 2022. The digital adviser Maks recorded 38,647 contacts, an increase of 25% relative to 2021.We achieved a high transactional NPS [visit by a technician in cooperation with technical support].

Stakeholders	What is most important to them?	How they are included and frequency of contact	Activities
Employees	<ul style="list-style-type: none">Healthy and safe working environment;professional and effective management;acquisition of additional knowledge and competences;inclusion in decision-making;education and career development opportunities;information regarding the Company's operations and strategic plans, and on current developments at the Company and in its activities.	<ul style="list-style-type: none">Regular briefing of employees on events and regular activities at the Company and within the Group via established channels (intranet, electronic screens, bulletin boards, email, the system of meetings, etc.);promotion of innovation in the scope of the Brihta programme;cooperation with the Works Council and trade unions [regular dialogue];activities relating to employee health, in the scope of the <i>Modro jabolko</i> [Wise Apple] portal and the <i>Živijo, stres!</i> [Hello, Stress!] activities, and inclusion via the TSsport sports club;measurement of organisational vitality and culture [every other year] and appraisal-development interviews with employees [twice a year].	<ul style="list-style-type: none">A total of 90.8% of Group employees were included in education and training in 2022.Telekom Slovenije granted three company scholarships during the 2021/2022 scholastic year. It has a total of 16 scholarship holders, eight of whom it has employed.Persons with a level VII education account for the highest proportion of employees at the Telekom Slovenije Group level [36.4%].The Works Council met at 12 regular sessions and three correspondence sessions in 2022.
Suppliers and other business partners	<ul style="list-style-type: none">Clear supplier selection criteria and fulfilment of business agreements;responsiveness and relationship;long-term cooperation;respect for the rights of workers, and the safety and health of employees in the supply chain;responsible energy and waste management in the supply chain;clear communication and feedback regarding satisfaction with services rendered;	<ul style="list-style-type: none">Compliance with the Rules on the Procurement of Goods and Services at Telekom Slovenije, and other internal acts;Code of Conduct for the Suppliers of the Telekom Slovenije Group;establishment of long-term relationships;cooperation in the fulfilment of contractual obligations;common marketing approach;common development of services;questionnaires for the purpose of risk assessment;meetings and presentations;annual questionnaire; andcooperation in the scope of tenders and procurement procedures.	<ul style="list-style-type: none">The transparent and equal treatment of potential suppliers is ensured through a standardised procurement procedure.We dedicated a great deal of attention to effectively addressing challenges as the result of conditions on the global markets.Based on an assessment of each supplier, we define a development strategy, possibilities for additional cooperation, or measures to mitigate and/or eliminate risks.Liabilities are settled by agreed payment deadlines.Telekom Slovenije cooperates with 2,964 suppliers from 40 countries. The majority or 97% of suppliers are from the European Union.Total turnover between Telekom Slovenije and its Slovenian subsidiaries and their business partners amounted to more than EUR 627 million in 2022, including VAT. That amount also includes sponsorships and donations.
Regulatory and government bodies	<ul style="list-style-type: none">Compliance with regulations and decisions;provision of high-quality access to telecommunication services;limitation of environmental impacts and a focus on sustainable development.	<ul style="list-style-type: none">Expert responses to decisions of regulatory bodies;participation in the drafting of legislation, with expert comments [as required];regular contact following inspections in connection with imposed obligations by the AKOS on regulated relevant markets.	<ul style="list-style-type: none">We consistently adhered to applicable laws, regulatory measures, regulations and best practices in all phases of the business process and operations.We responded by preparing comments to published analyses of relevant markets.



Stakeholders	What is most important to them?	How they are included and frequency of contact	Activities
Local and wider community	<ul style="list-style-type: none">Wide access to services and responsible infrastructure expansion [fixed and mobile network];respect for human rights;ICT solutions to overcome healthcare issues;guaranteed functioning of the network in emergency situations.	<ul style="list-style-type: none">Support for sporting, cultural, education and humanitarian organisations and projects [regular activities];selection of projects with an emphasis on social responsibility and the monitoring of associated effects;assessment of environmental impacts as an integral aspect of all development activities; andregular contact with local communities when upgrading and building networks.	<ul style="list-style-type: none">Sponsorships and donations were intended for organisations and projects at the national and regional levels. The Telekom Slovenije Group earmarked EUR 2.1 million for those purposes in 2022.Due to the expansion of the fourth [4G] and fifth [5G] generation mobile networks, we carried out 141 measurements of electromagnetic radiation [EMR], compared with 323 in 2021. A total of 78 measurements were carried out for 5G technology. Those measurements were performed by an authorised institution. The impact of EMS at base stations upgraded with 4G and 5G technology has increased slightly, but remains environmentally acceptable and within the limits established by Slovenian law, which in some respects is even stricter than European law.We carefully reviewed the respect of human rights in 2022 for the purpose of defining key risks factors.
Media	<ul style="list-style-type: none">Business ethics and compliance;media and ICT literacy;social responsibility;continuous and current information about the operations of the Telekom Slovenije Group and the development of services.	<ul style="list-style-type: none">Proactive and reactive management of media relations [press conferences, press releases, the promotion of media coverage, interviews, media presence, responses to journalists' questions, and maintenance of formal and informal relationships];organisation of occasional events;regular communication about corporate topics, new services and products, and other topics related to the Company's operations.	<ul style="list-style-type: none">We responded to more than 250 questions from journalists in 2022. We provided journalists 37 press releases and organised several press conferences. Around 5,000 articles about Telekom Slovenije were published in the media.



1.6

OPERATING HIGHLIGHTS OF THE TELEKOM SLOVENIJE GROUP IN 2022⁸

FINANCIAL INDICATORS FOR THE TELEKOM SLOVENIJE GROUP

in EUR thousand and %	2022 / 31 December 2022	2021 / 31 December 2021	Ind. 22/21
Sales revenue	652,121	648,247	101
Other operating income	6,832	5,303	129
Total operating revenues	658,953	653,550	101
Operating profit before interest, taxes and depreciation	216,452	220,752	98
Operating profit before interest, taxes and depreciation / sales revenue [EBITDA margin]	33.2%	34.1%	97
Operating profit	50,362	51,696	97
Return on sales = operating profit / sales revenue	7.7%	8.0%	97
Net profit for the financial year	37,506	37,888	99
Assets	1,275,338	1,250,339	102
Equity	611,677	600,431	102
Return on equity [ROE]	6.2%	6.4%	97
Equity ratio	48.0%	48.0%	100
Net financial debt	401,168	399,009	101
Net financial debt / Operating profit before interest, taxes and depreciation	1.9	1.8	103
Investment in property, plant and equipment [CAPEX]	167,791	208,173	81
Operating profit before interest, taxes and depreciation – Investments	48,557	12,579	386
Ratio of [Operating profit before interest, taxes and depreciation – Investments] to Operating profit before interest, taxes and depreciation / sales revenue [EBITDA margin]	22.4%	5.7%	394
Number of employees as at the last day of the period	3,262	3,284	99
CAPEX as a proportion of operating revenues	25.5%	31.9%	80

For more information, see point 41 of the accounting report. Definitions can be found in point 10.3 Alternative Performance Measures.

Connections/users	2022	2021	Ind. 22/21
Mobile telephony**	2,002,166	1,958,230	102
Fixed voice telephony	494,647	508,184	97
Broadband connections**	474,145	477,621	99

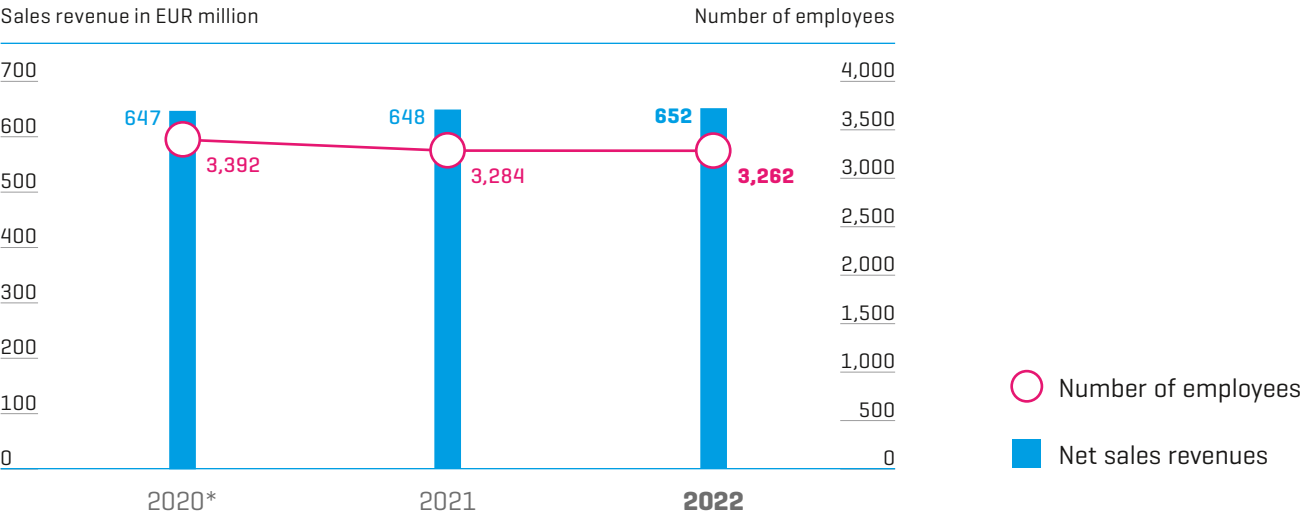
** Retail and wholesale.

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INDICATORS OF THE SUSTAINABLE (ESG) OPERATIONS OF THE GROUP TELEKOM SLOVENIJE

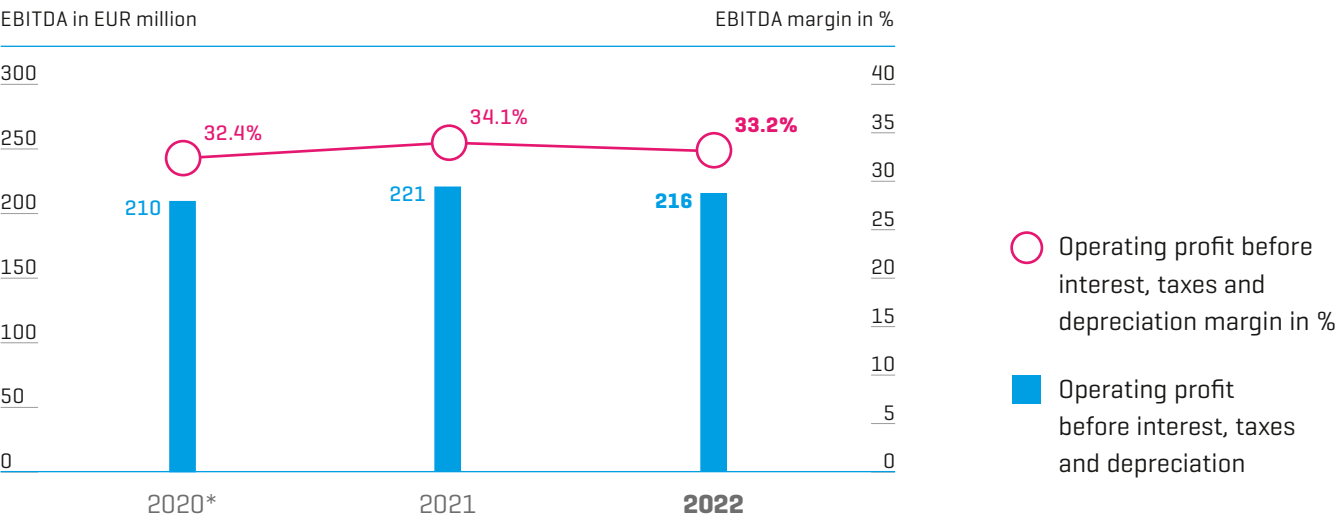
	2022	2021	Ind. 22/21
Governance indicators			
Value added [in EUR thousand]	334,310	332,023	101
Value added per employee [in EUR]	102,142	99,468	103
Proportion of women on Telekom Slovenije’s Management Board	60%	40%	150
Proportion of women on Telekom Slovenije’s Supervisory Board	33%	22%	150
Average age of members of Telekom Slovenije’s Management Board	47.6	49.8	96
Personal data protection [number of inspections by Information Commissioner]	3	6	50
Protection of privacy [number of reports of potential breaches of customer’s privacy]	116	57	204
Social indicators			
Number of employees	3,262	3,284	99
Average age of employees	44.0	43.7	101
Proportion of female employees	32.7	34.6	95
Number of employees with a disability	97	98	99
Employee turnover	7.4%	6.1%	121
Number of training hours per employee	27.2	30.3	90
Proportion of employees with a master’s degree and doctorate	5.6%	5.0%	112
Coverage of the Slovenian population with 5G technology	40.04%	38.80%	103
Coverage of the Slovenian population with 4G+ technology	84.08%	84.04%	100
Coverage of the Slovenian population with 4G technology	97.03%	96.80%	100
Complaint rate as a proportion of all issued invoices	0.53%	0.53%	100
Costs earmarked for sponsorships and donations as a proportion of operating revenues	0.3%	0.3%	100
Proportion of assets purchased from local suppliers [Slovenia]	90%	90%	100
Proportion of suppliers registered as sheltered workshops	0.43%	0.38%	113
Environmental indicators			
Electricity consumption [in million kWh]	90.0	90.6	99
Energy intensity [in kWh/EUR]	0.01%	0.01%	100
Carbon footprint per employee at Telekom Slovenije [in tonnes of CO _{2eq}]	24.13	19.13	126
Total waste [in tonnes]	6,710	5,750	117
Use of fuel for company cars [in litres]	1,411,536	1,403,024	101

Sales revenue and number of employees of the Telekom Slovenije Group

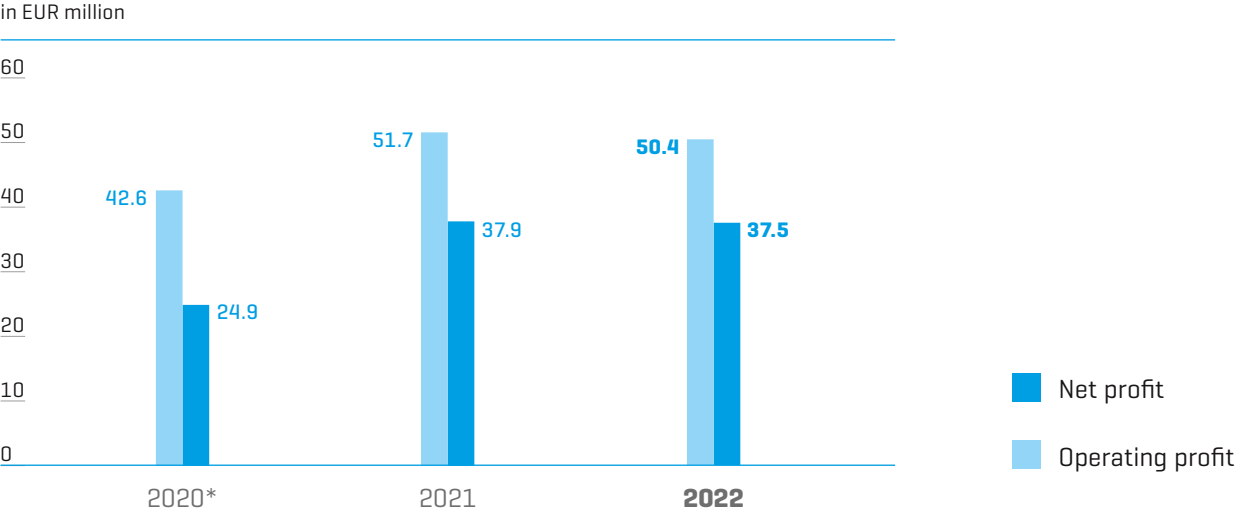


*The operations of Planet TV for 2020 are included in the item 'discontinued operations'. This applies to all items in the tables and graphs presented below.

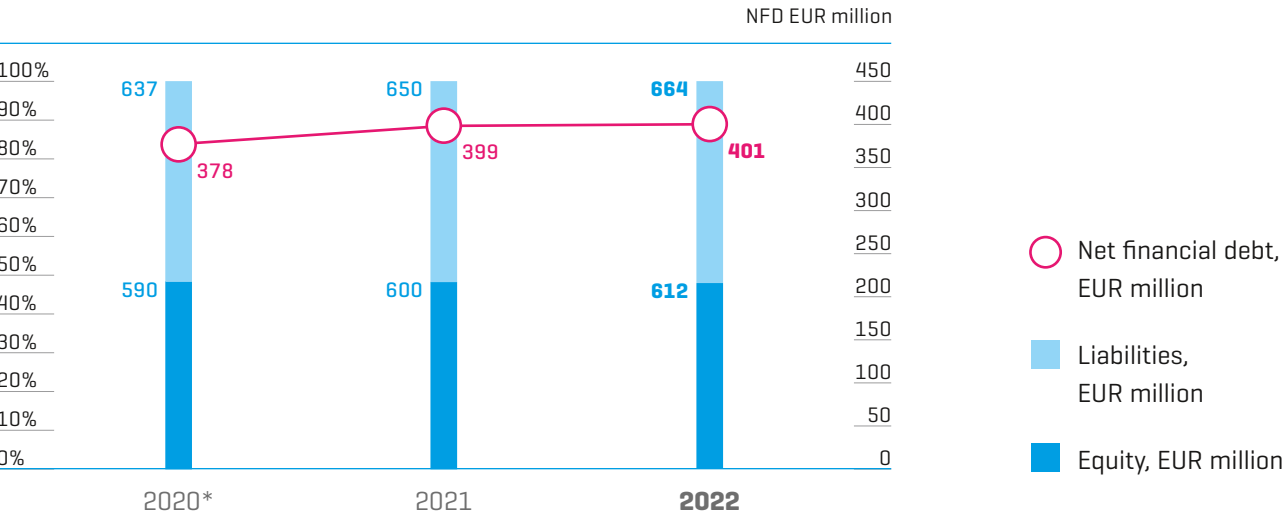
EBITDA and EBITDA margin (as a percentage of sales revenue) of the Telekom Slovenije Group



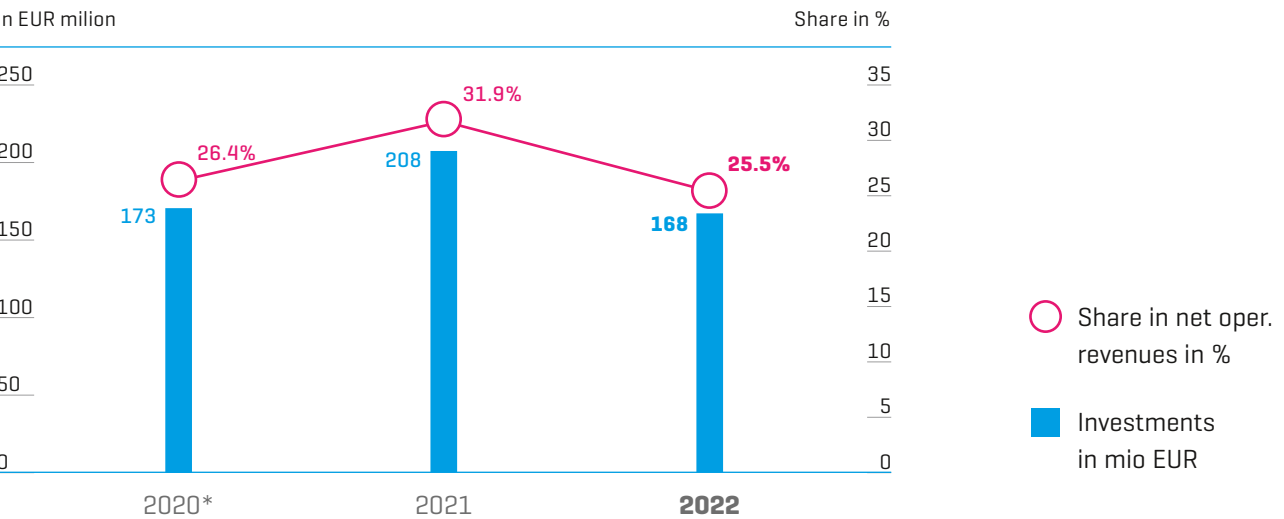
EBIT and net profit of the Telekom Slovenije Group



Structure of the Telekom Slovenije Group's equity and liabilities, and net financial debt



Investments in EUR million and as a proportion of operating revenues in %



1.7

SIGNIFICANT ACHIEVEMENTS OF THE TELEKOM SLOVENIJE GROUP IN 2022

The most innovative security solution:

Telekom Slovenije's Cyber Security Operation Centre, which was established in 2018, received a second award for **best innovative security solution**, which is presented by the Institute for Corporate Security Studies in conjunction with the Slovenian Corporate Security Association. As the largest operational-security centre in Slovenia, Telekom Slovenije's Cyber Security Operation Centre represents an important source of added value in the area of ensuring cyber security at the national, company and other organisational levels.

ESTABLISHMENT OF NEW PROJECTS

- **eCare:** We were selected by the Ministry of Health to provide 5,000 free eCare services by 30 September 2023, together with our consortium partner, the Slovene Federation of Pensioners' Associations.
- **Innovative platform for the digitalisation of industry**
– **IoT360:** together with the company Metronik, we developed an innovative platform for the digitalisation of industry (IoT360) and successfully launched it on the market.
- **Smart agriculture:** In cooperation with selected winegrowers and partners, Telekom Slovenije and EFOS set up the first Slovenian pilot smart agriculture project with the remote monitoring of pests in vineyards at Klet Brda.
- **Smart cities:** In cooperation with the companies Imovation and Nomago, we began to set up an advanced **central digital platform** for the optimal use of transport services in the **Municipality of Celje**. In the scope of smart city solution, we signed an agreement with the **Šmartno pri Litiji** Municipality to establish **two central communication stations**. Together with the partners Kolektor Sisteh, DS Meritve, CMC Group and Infotim Ržišnik Perc, we established a pilot project for Rižanski vodovod Koper for the **remote reading of water meters** at more than one hundred locations in **Koper, Izola and Podgorje**.

IMPORTANT MILESTONES

- **Gigabit speeds:** At the beginning of May, we increased the internet speed for the subscribers of Telekom Slovenije's fibre optic network packages to **1 Gbit/s**. At the end May, we also facilitated the upgrading of fixed internet speeds to **2 Gbit/s**.
- **Discontinuation of use of 3G technology:** On 30 September 2022, we discontinued the use of mobile 3G technology, and replaced it with more modern and energy and technologically efficient 5G and 4G technologies.
- **VALÚ Smart Wallet**, which we launched three years ago, is now used by more than 120,000 Slovenes. During the last year, users have executed more than 2 million transactions using that wallet, while the number of users rises by one-third every year.
- At the end of August, TSmedia celebrated the **25th anniversary of the Siol.net online media**.

Significant events after the balance sheet date are presented in the financial report in point [47 Events after the reporting date](#).

RECOGNITIONS AND AWARDS RECEIVED BY THE TELEKOM SLOVENIJE GROUP IN 2022:

- **The most innovative security solution:** Telekom Slovenije's Cyber Security Operation Centre received a second consecutive award for best innovative security solution, which is presented by the Institute for Corporate Security Studies in conjunction with the Slovenian Corporate Security Association.
- **Best mobile and fixed network according to users:** Telekom Slovenije's mobile and fixed network was recognised as the best amongst users in a brand strength and image survey.
- **WEBSI award:** Telekom Slovenije placed second in the telecommunications category for its 'Friends for Life' campaign, in which we were one of the first companies in Slovenia to use the 'Add Yours' function on social networks.
- **SI.RISK:** Telekom Slovenije was recognised by the Slovenian Association of Risk Management and Insurance Management (SI.RISK) to mark the 10th anniversary of that organisation.
- **Top Employer 2022:** The Top Employers Institute awarded Telekom Slovenije the prestigious international title of Top Employer for 2022. The aforementioned institute sets the global professional standard in recognising excellence in corporate people practices.
- **Most Respected Employer:** In research conducted by MojeDelo.com, Telekom Slovenije was recognised as the Most Respected Employer in the telecommunications sector, and ranked amongst the 10 most respected employers in Slovenia.
- **2022 HRM Project of the Year:** Telekom Slovenije's project Manager 360, a tool for the monitoring and development of managers, was one of the finalists for 2022 HRM Project of the Year.

- **MEGA Inspiration 2022:** Telekom Slovenije received the MEGA Inspiration 2022 award in the area of intergenerational cooperation in the workplace.



- **TOP investor in education for 2022:** In the scope of the Edutainment conference, Telekom Slovenije received the Gold certificate as TOP investor in education for 2022.
- **Prizma:** Telekom Slovenije received the Prizma award presented by the Public Relations Society of Slovenia for its project to promote employee ambassadorship on social networks.
- **Recognitions received by IPKO:** IPKO received two recognitions: the **FIDES** Award for philanthropic activities, and the title of **Taxpayer of the Year**, awarded by the Kosovo Chamber of Commerce.

Successful sustainable HR management practices:

Telekom Slovenije placed second in the Successful Sustainable HR Management Practices contest organised by *Zeleno omrežje Slovenije* (Green Network of Slovenia).



2 LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD⁹

Dear Shareholders, Investors, Business Partners
and Co-Workers,

A period of rapid and profound social change and economic uncertainty also brings opportunities to improve business models and strengthen partnerships. The Telekom Slovenije Group will continue to play an active role in overcoming the challenges faced by society as a whole, and in building a modern, safe and highly responsive technological environment. We consolidated our position as a pillar of Slovenia's telecommunications infrastructure in 2022, and proved that a high level of security and reliability are our strategic strengths. Our role in ensuring security and creating an environment of trust is even more important in times of uncertainty.



#CONNECTED

We consolidated
our position as a
**pillar of Slovenia's
telecommunications
infrastructure** in
2022, and proved
that a high level
of security and
reliability are our
strategic strengths.

The earnings
before interest,
taxes, depreciation
and amortisation
[EBITDA] generated
by the Telekom
Slovenije Group
in 2022 **were 2%
higher** than planned.

EBITDA AND PROFIT HIGHER THAN PLANNED

Achieved results indicate that the Telekom Slovenije Group responded appropriately to the adverse conditions in 2022, and ended the year successfully. Global markets experienced shortages of energy products, other commodities, semiconductors and equipment, and most notably a sharp increase in prices. In order to mitigate supply risks, we remained in constant contact with suppliers, and searched for substitutes and new and alternative suppliers. We did not experience any major supply-related difficulties.

The Telekom Slovenije Group generated EUR 652.1 million in sales revenue and EUR 659.0 million in operating revenues in 2022, an increase of one percent relative to the previous year and at the planned level.

Telekom Slovenije recorded a 5% increase in revenues on the wholesale market. Our powerful fibre optic access network is used by all major domestic operators, while we facilitate national roaming in the mobile network. We recorded an increase in revenues from financial, eCare and insurance services, and are achieving growth in the ICT segment. The sales revenue generated by Avtenta, whose services support the digitalisation of companies, was up by 22% in 2022 relative to the previous year. Also up [by 7%] was the sales revenue generated by GVO, which strengthened its presence on the market, and recorded an increase in revenues from the management and maintenance of open broadband networks. IPKO generated sales revenue of EUR 79.0 million, an increase of 11% relative to the previous year. Revenues from mobile services were up by 16%. Similar to Telekom Slovenije in Slovenia, IPKO is the flagbearer of technological development in Kosovo. The company successfully tested fifth-generation (5G) mobile networks in 2022, and will facilitate the commercial use of the 5G network by users in 2023.

The earnings before interest, taxes, depreciation and amortisation (EBITDA) generated by the Telekom Slovenije Group in 2022 were 2% higher than planned. EBITDA at the Telekom Slovenije Group level was EUR 216.5 million. If energy prices had remained at the 2021 level, EBITDA would have been at the level recorded in 2021. EBITDA as a proportion of net sales revenue was 33.2%. Following the calculation of income tax (including deferred taxes), the Telekom Slovenije Group generated a net profit of EUR 37.5 million in 2022, which is 35% higher than planned. Earnings before interest and taxes (EBIT) amounted to EUR 50.4 million in 2022. EBIT would have been 7% higher had energy prices remained at the 2021 level.

ENSURING THE CONTINUOUS DEVELOPMENT OF THE NETWORK AND SERVICES

Telecommunications is a strategic sector that provides services we can no longer imagine living or doing business without. Competition in Slovenia is stiff, involves international groups and is aggressive in terms of pricing. Despite this, Telekom Slovenije maintains the leading role in the sector, particularly in terms of infrastructural development and its share of total revenues.

With the aim of providing users the most-advanced services and comprehensive ICT solutions, we ensure the continuous development of the network and the most state-of-the-art services, and the creation of the best user experience at all touchpoints. We earmarked EUR 167.8 million for investments in 2022, with two-thirds of that amount going to the development

Telekom Slovenije and TSinpo became signatories of the Diversity Charter in 2022. This represents our next step in this direction, which is based solely on our values and previous activities to ensure the diversity, inclusion and cohesion of employees.

of the network and solutions for residential and business users. We facilitated the connection of an additional 30,909 Slovenian households to the fibre optic access network, bringing the total number of households connected to that network to 442,000. We cover more than 40% of the population with the 5G network and more than 97% of the population with the LTE/4G network. Our ultimate goal is for the 5G network to achieve the same level of coverage as the 4G network. Users also recognise Telekom Slovenije's network as the best.

In Slovenia, we maintain the leading position in the pay TV segment [41% market share], mobile telephony segment [36% market share] and the mobile internet segment [31% market share]. IPKO increased the number of mobile users by 4% in 2022, and assumed the position of leading mobile operator in Kosovo, while it remains the leader in the internet segment [29% market share].

We see opportunities for growth in revenues from ICT services and solutions in the continued development of the existing, superior LTE/4G network, and in 5G technology. The latter facilitates the development of smart industry and smart cities, as well as the introduction of virtual campus networks, which in turn will enable the continued digitalisation of various verticals, such as energy, transportation, logistics, industry, smart cities,

healthcare, and protection and rescue. We took several important development steps in the aforementioned areas in 2022: together with partners we developed an innovative industrial Internet of Things platform, set up the first pilot project in the area of smart viticulture with the remote monitoring of pests in vineyards and established a pilot project for the remote reading of water meters, while we are developing different smart city solutions for municipalities.

In the scope of a public tender issued by the Ministry of Health, we facilitated the use of eCare services by nearly 5,000 beneficiaries, while telemedicine solutions are gaining in popularity. Our NEO TV platform, in the scope of which we made possible the highly effective voice-controlled management of TV in Slovene, is already used by more than 140,000 users.

We are involved in several European research projects relating to the development of technologies, in particular the Internet of Things, cyber security, support for critical communications and eHealth.

ENSURING SECURITY

The accelerated pace of digitalisation brings a significant increase in cyber and information security risks. Telekom Slovenije is creating a sustainable competitive advantage

in this area, as we have a superior and widely accessible infrastructure that we manage and control internally, while we have been systematically developing security solutions for business and residential users for a number of years.

Representing a pillar of cyber security at the national level is Telekom Slovenije's Cyber Security Operation Centre, which is the largest centre of its kind in Slovenia and was named the best innovative security solution for the second time in 2022. The centre's experts monitor and analyse security events 24 hours a day, 365 days a year. Immediate action is taken when deviations that could constitute a security threat are identified. We have a cyber response team in place for that purpose. We recorded a record number of cyber attacks in 2022, when the number of security incidents handled was up by 20% relative to the previous year.

CREATING A SUSTAINABLE FUTURE THROUGH DIGITALISATION

The Strategic Business Plan sets out specific performance indicators for the material sustainability aspects of our operations. We can contribute most to sustainable development through advanced information solutions and an efficient support environment.

In 2022, Telekom Slovenije discontinued the use of 3G technology, which we introduced 20 years ago, and replaced it with more energy and technologically efficient 4G and 5G technologies, which account for 99% of total mobile traffic on our network. We are gradually replacing the copper network with the fibre optic network, and replacing air-conditioning devices with more energy efficient units. We are gradually increasing the proportion of electric and hybrid vehicles in our fleet, and intend to increase the number of own solar power plants by 2026. Despite the continuous rise in mobile data traffic, we reduced energy consumption by 1% in 2022 through systematic activities.

Telekom Slovenije and TSinpo became signatories of the Diversity Charter in 2022. *This represents our next step in this direction, which is based solely on our values and previous activities to ensure the diversity, inclusion and cohesion of employees.* Telekom Slovenije also carried out a comprehensive review of respect for human rights. Through responsible and transparent relationships, and user-friendly services, products and content, we promoted digital literacy and facilitated broad access to communication services, including by vulnerable groups and users in rural areas.

New technologies and innovations are successfully introduced in practice by #connected, committed and highly skilled employees. Telekom Slovenije received the prestigious international Top Employer certificate for its employee-related activities, confirmation that we are comparable with the best global companies in the aforementioned area. In particular because we promote an environment of cooperation, security and trust, and are aware that such a work environment is a prerequisite for providing advanced, secure and reliable services to our users. We are #connected co-workers who know how to listen to the wishes of our users.

Expectations for 2023 are characterised by the uncertain economic environment, which is linked primarily to conditions on the energy markets and the continuing war in Ukraine. Nevertheless, the Telekom Slovenije Group has set ambitious objectives for 2023. We are and aim to be the first choice of users, and to provide the most advanced services and an excellent user experience in a superior network through continuous development.

I would like to thank all employees for their hard work, and shareholders, business partners and users for their trust.

Boštjan Košak,
President of the Management Board

3

LETTER FROM THE PRESIDENT OF THE SUPERVISORY BOARD

Dear Stakeholders,

The development of technologies, services and solutions in the telecommunications sector is dynamic. In Slovenia, it is also characterised by stiff, price-aggressive competition. Telekom Slovenije represents the pillar of Slovenian digital society. For more than 30 years, it has been the flagbearer of technological development, while on account of digitalisation and the changing communication needs of users, it also faces numerous opportunities and challenges in the search for new developmental business models. The same is true for Telekom Slovenije Group companies. In a business environment that demands in-depth knowledge and understanding of the environment in which the Group operates, global and local trends, and strategic reflection about future development, one of the key condition for the Group's successful operations is a strong and competent management team.

The Supervisory Board reconstituted the Management Board in October 2022 for the next four-year mandate,

while a delegate system was used for the President of the Management Board. The Telekom Slovenije Group thus gained a stable, highly-qualified and professional Management Board with a wealth of experience in the field of telecommunications and in other areas, all of which will serve as the foundation for future development. The Management Board has the full trust of the Supervisory Board.

The Telekom Slovenije Group exceeded planned EBITDA and net profit during the 2022 financial year, while operating revenues were at the planned level. Having a major impact on operations were a sharp increase in energy prices, as well as changes on the financial markets and new conditions in supply chains. At the same time, the war in Ukraine has highlighted the exceptional importance of information and cyber security. In this area, Telekom Slovenije is consolidating and strengthening its market position through its own Cyber Security Operation Centre, which represents an important added value in terms of ensuring cyber security in Slovenia

and is integrated into international flows.

With its own modern and reliable ICT infrastructure, which it continuously upgrades, Telekom Slovenije ensures the continued digitalisation, security and development of society as a whole. Telekom Slovenije thus encourages everyone in the system to recognise it as the first choice for addressing challenges that must be met with the help of information technologies. During a period of general uncertainty, it provides security and stability to stakeholders through its development activities, attitude and responsible approach to the society in which it operates.

The Annual Business Plan of Telekom Slovenije and the Telekom Slovenije Group for the 2023 financial year, which was adopted in December 2022, is ambitious and was drawn up in a period of high economic uncertainty. It is crucial now that the Telekom Slovenije Group remain ambitious and development-oriented with regard to both technologies and services. This will also be important

With its own **modern and reliable ICT infrastructure**, which it continuously upgrades, Telekom Slovenije ensures the continued digitalisation, security and development of society as a whole. Telekom Slovenije thus encourages everyone in the system **to recognise it as the first choice for addressing challenges** that must be met with the help of information technologies.

starting point during the drafting of the Strategic Business Plan of the Telekom Slovenije Group for the next three-year period, which we will be ready by the middle of 2023.

In the scope of its competences, Telekom Slovenije's Supervisory Board ensured the responsible and high-quality supervision of the operations of the parent company and Group companies in 2022. It discussed different aspects of operations and monitored the implementation of plans. Certain topics were discussed in advance by the Supervisory Board's committees, which were reconstituted at the end of the year to ensure even more efficient work. The composition, content and work of the Supervisory Board and its committees during the 2022 financial year are presented in more detail in the report of the Supervisory Board.

The Supervisory Board is confident that the Telekom Slovenije Group has the knowledge required to face all strategic development challenges, and ensure long-term growth and development in the context of the

responsible and sustainable creation of value for its owners and all other stakeholders.

Žiga Debeljak, MSc
President of the Supervisory Board

DEVELOPMENT STRATEGY AND PLANS

#CONNECTED TO A WORLD OF OPPORTUNITIES



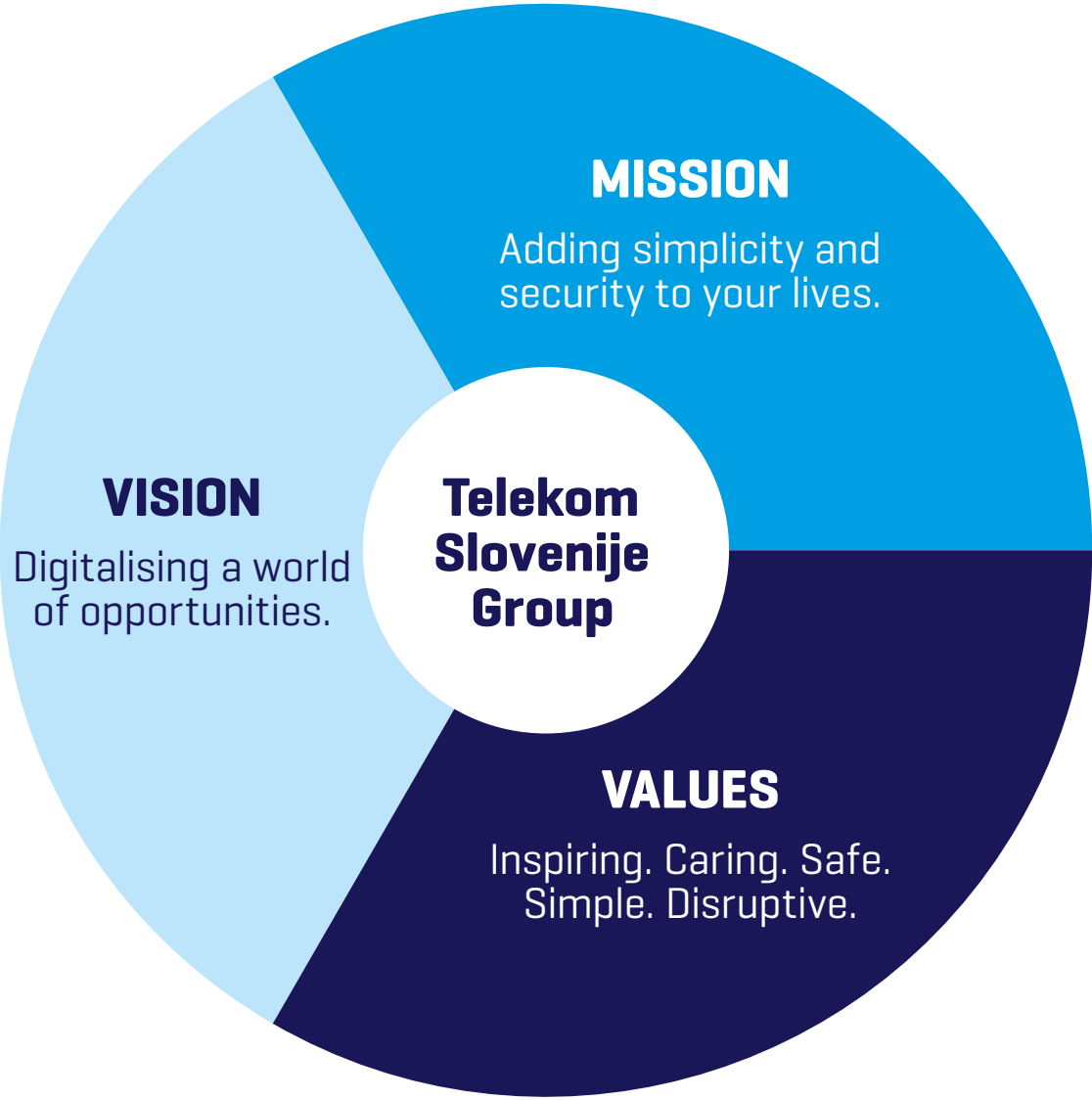
Technology shines in all of its glory when it brings together, engages and inspires the best in us. That's why we focus our thinking, activities and development on digitalisation and the development of a social and economic environment that is open and accessible to all. We remain the first choice with the best user experience for residential and business users. By developing solutions in the areas of e-health, e-mobility, smart cities, smart homes, the Internet of Things and other cutting-edge technologies, we encourage connectivity in new and innovative ways, and create new opportunities for future generations.

4

DEVELOPMENT STRATEGY AND PLANS

4.1

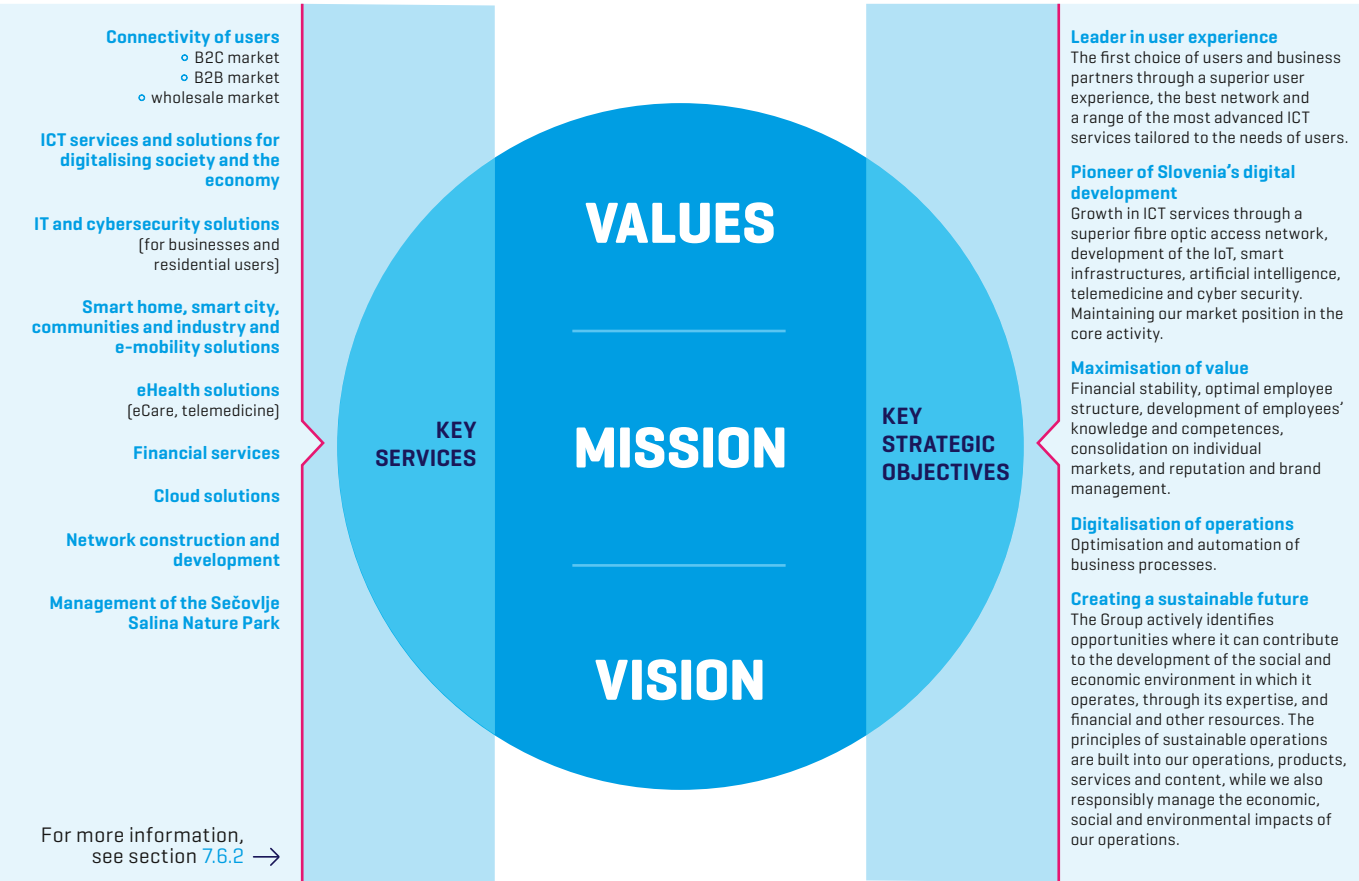
VISION, MISSION AND VALUES¹⁰



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4.2

BUSINESS MODEL OF THE TELEKOM SLOVENIJE GROUP



For more, see Section 1.4 →

WE CREATE VALUE FOR KEY STAKEHOLDERS

USERS

We provide users the best user experience and connectivity. We assist and support them on their own path to the digital transformation. We build long-term relationships based on mutual trust.

EMPLOYEE

We facilitate the professional development of employees based on common values.

SOCIETY AND LOCAL COMMUNITIES

We create opportunities for the green transition, and the development of society and local communities.

SUPPLIERS AND PARTNERS

We create value together with suppliers and business partners.

SHAREHOLDERS

We strive for long-term and profitable growth.

WE PROACTIVELY ADAPT AND RESPOND TO CHANGES IN THE ENVIRONMENT:

Technological development: the latest ICT trends, the development of services and solutions for users, and the provision of cyber security.

Economic conditions: macroeconomic conditions and market competition.

Social conditions: demographic changes, legislation, the protection of privacy and data, and changing user habits.

Environmental impacts: climate change and the preservation of natural resources.

CONTRIBUTION TO THE ACHIEVEMENT OF SDG

1 NO POVERTY

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

10 REDUCED INEQUALITIES

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

15 LIFE ON LAND

17 PARTNERSHIPS FOR THE GOALS

35



4.3

STRATEGIC BUSINESS PLAN OF THE TELEKOM SLOVENIJE GROUP UNTIL 2026 AND ANNUAL BUSINESS PLAN FOR 2023¹¹

The Telekom Slovenije Group implements its strategy in accordance with adopted strategic policies. The Strategic Business Plan is the core corporate document. Defined in that document through its mission, vision, values, business model, objectives and strategy are the Telekom Slovenije Group’s ‘s future development and strategic policies. The document outlines the future business strategy of the Telekom Slovenije Group.

Expectations for 2023 are characterised by the extremely high level of uncertainty in the economic environment, primarily in connection with conditions on the energy markets, and the continuation of the war in Ukraine and high inflation. The Telekom Slovenije Group expects uncertainty in the international environment to continue rising, but is still planning growth and development.

The Group drew up an ambitious business plan for 2023, the goal of which is to reverse the negative trend of recent years, and thus achieve growth in revenues and the number of users in all segments, and further strengthen its market shares. The Telekom Slovenije Group is and strives to be the first choice of users in the future, while it aims to provide the most advanced services and an excellent user experience in a superior network based on continuous development.

SUSTAINABLE OPERATIONS

Sustainability principles are integrated into our strategic objectives, and are included to the greatest extent possible in operations, products, services and content. We understand sustainable operations as the responsible management of the economic-governance, social and environmental impacts of our operations.

Material aspects and topics, included in the sustainable aspects of the Telekom Slovenije Group’s operations, take into account the expectations of international guidelines for the responsible operations of telecommunication service providers and the other core activities that we perform, and are in line with the priority areas of the sustainability guidelines of the European Telecommunications Network Operators’ Association [ETNO]. The latter bind us to constructive cooperation in the mitigation of climate change and digitalisation as the EU’s priority policies, and to the achievement of the United Nations’ global Sustainable Development Goals, to which we can contribute through our activities. Material aspects and topics are presented in point 1.3.

STRATEGIC OBJECTIVES OF THE TELEKOM SLOVENIJE GROUP



Leader in user experience

Leading user experience based on the best, most reliable and largest network. We create that experience in line with the latest trends and changing user habits. Through a superior user experience, we achieve short-term business objectives and strengthen our long-term strategic position to remain the first choice of users. Crucial in that regard are digital excellence, ensuring security, contactless operations and the dynamic adaptation to the needs and habits of the users of communication services.



Digitalisation of operations

We will improve the efficiency of operations through accelerated digitalisation. In the digital transformation process, we will digitalise key business processes involving users. This, in turn, will significantly improve the speed and efficiency of the Telekom Slovenije Group’s operations, and also facilitate the improved competitiveness of the Group in the future.



Growth in ICT services

Growth in ICT services and solutions will be based on the existing superior LTE/4G network, and the opportunities offered by fifth generation [5G] mobile networks. 5G technology will facilitate the development of smart industry and smart cities, as well as the introduction of virtual campus networks, which in turn will enable the continued digitalisation of various verticals, such as energy, transportation, logistics, industry, smart cities, healthcare, and protection and rescue [public safety]. The Telekom Slovenije Group will ensure the digitalisation of society as a whole on that basis. Overall growth will be achieved through organic growth and the consolidation of the Slovenian ICT market.



Stabilisation of the level of revenues from the core activity in Slovenia

The basic telecommunications market is stagnating in Slovenia, while Telekom Slovenije is under additional pressure from regulatory bodies. We will preserve revenues through accelerated digitalisation and the development of digital services, the further development of the network, the development of services based on 5G technology, successful cooperation with regulators, and above all the best user experience.



Consolidation on individual markets

The European telecommunications market is experiencing the consolidation of the sector, the merging of operators and a changing portfolio of services on the one hand, and the entry of new competitors on the ICT market on the other hand, which will further impact the operations of operators. The Telekom Slovenije Group is actively involved in consolidation processes on the markets where it operates.



Optimal employee structure

The Telekom Slovenije Group will continue to ensure the optimal employee structure, taking into account the needs of work processes at individual companies. We are optimising the employee structure through the strategic planning of needs for staff, and the appropriate organisational structure and job classification. We build the employer brand through an effective remuneration system, and the development of knowledge and competences.



Financial stability and the optimisation of all types of costs

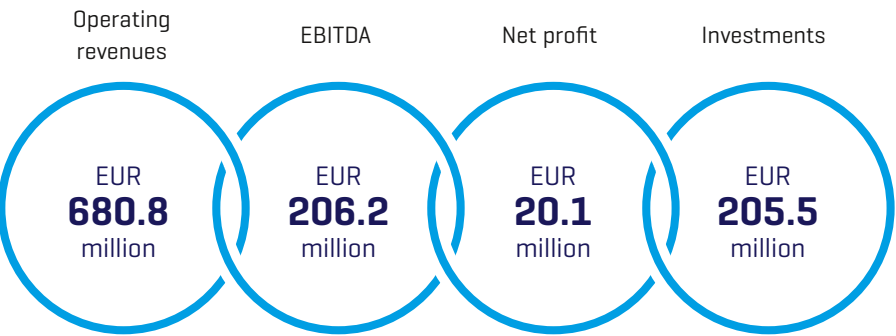
We are implementing activities that facilitate the effective management of liquidity, and ensure a high level of financial stability and the optimal level of borrowing. We continuously optimise all types of costs in connection with the performance of individual processes and the provision of services.



Creating a sustainable future

The Group actively identifies opportunities where it can contribute to the development of the social and economic environment in which it operates, through its expertise, and financial and other resources. The principles of sustainable development are built into our operations, products, services and content, while we also responsibly manage the social and environmental impacts of our operations.

KEY FINANCIAL OBJECTIVES OF THE TELEKOM SLOVENIJE GROUP FOR 2023



11 GRI 3-3

4.4

STRATEGIC PROJECTS

NATIONAL FIFTH GENERATION (5G) MOBILE NETWORK¹²



We continued updating the mobile network in 2022 with 5G technology, while the number of 5G base stations rose to 325. We ensure coverage with the 5G network in the 2,600 MHz, 3,600 MHz and 700 MHz frequency bands, primarily in cities, business centres and along transport routes, and also in rural areas. Through a smart infrastructure, we facilitate numerous virtual dedicated networks for specific business verticals, such as eHealth, energy, transport, factories, smart cities and communities, etc.

EXPANSION AND UPGRADING OF THE FIXED NETWORK¹³

Through the expansion and upgrading of the fixed network, we are pursuing the vision of the development of the communications network in Slovenia, which was defined by the Slovenian government in state strategic documents. We are investing intensively in the construction of a fibre optic access network, through which we provide users the infrastructure for all existing and future broadband services. We thus facilitate access by users to state-of-the-art telecommunication services in urban, suburban and rural areas.

For more information, see section [8.1.1 Development of the network, technologies and services](#).

In 2022, GVO participated in the construction of open broadband 5G networks in 14 Slovenian municipalities where construction is subsidised by public funds provided by the Ministry of Public Administration due to the lack of commercial interest. The constructions of the aforementioned networks will be completed in 2023.

EHEALTH AND ECARE SOLUTIONS



Through eHealth and eCare solutions, we are pursuing strategic policies and upgrading the healthcare system and social security services in Slovenia. The eCare service, which numerous municipalities are co-financing for their citizens, is helping address the population's need for healthcare and social services [ageing population and a rising number of chronic diseases], helping resolve the problem of limited resources [at hospitals and retirement homes, a lack of medical and care staff, financial sources, etc.] and helping shorten waiting lists.¹⁴

SMART CITIES, SMART INDUSTRY AND INTERNET OF THINGS SOLUTIONS¹⁵



In 2022, we continued with the development of the Smart City platform, and were selected via tender to arrange smart mobility in the Municipality of Celje. We have developed partner solutions in connection with the Internet of Things. We developed an innovative industrial IoT platform with Metronik for mechanical engineers and the users of industrial machinery, while we completed the first season of a pilot project in Goriška Brda in the area of smart viticulture with remote pest control. For more information, see section [8.1 Development and responsible governance of the Telekom Slovenije Group](#).

TARGETED TV ADVERTISING

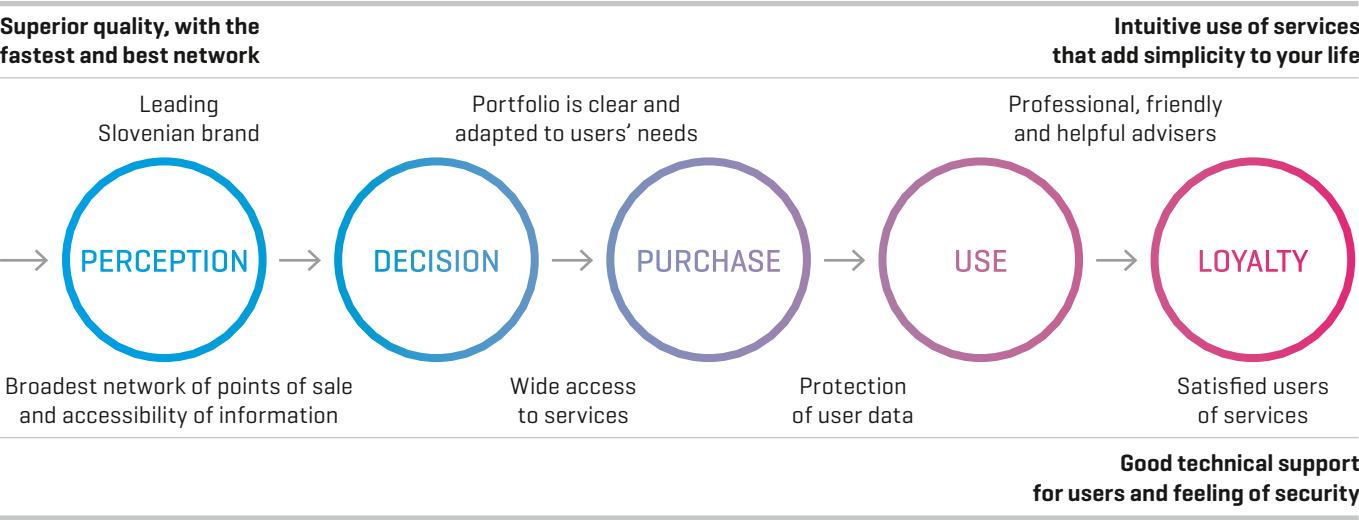
Together with TSmedia, Telekom Slovenije presented a new advertising product: targeted TV advertising on the NEO platform. As a result, we were the first in Slovenia to offer advertisers targeted TV advertising during back-viewing. We thus offered the market the best current combination of television and the digital world. Targeted TV advertising makes it possible to reach households with customised messages. Segmentation is possible with respect to their location, demographics, behaviour patterns and/or interests. Targeted TV advertising thus ensures a higher level of viewer engagement, while facilitating the monitoring and accurate measurement of the effectiveness of campaigns.

LEADING BRAND ACCORDING TO USER EXPERIENCE

Being the leading brand according to user experience is a key strategic initiative of Telekom Slovenije. Through a superior user experience, we achieve short-term business objectives and strengthen our long-term strategic position.

We manage the user experience through the continuous monitoring of customer satisfaction at all points where users come into contact with us. We monitor transactional NPS on a daily basis. The target level of customer satisfaction is a metric in the personal objectives of all the Company's employees. Users' recommendations for improvements to the user experience received via touchpoints are integrated into regular work processes.

We are defining user journeys, as well as key physical and digital touchpoints with the user. We take into account the impact on the user experience in every step of the planning of shopping journeys.



DIGITALISATION OF OPERATIONS

We are digitalising our processes in accordance with strategic policies. We upgraded the application for field technicians in 2022 and introduced a new tool for producing simple technical solutions that facilitates the more rapid development of solutions and standard content at the level of all service providers. We established an advanced automated analytical reporting system to capture and visualise data in the shortest possible time.

Our products and services are contributing to the digital transformation of society. Avtenta provides advanced business solutions that are crucial for the digitalisation of operations. For companies, these solutions facilitate the development of new business models, paperless operations, increased efficiency and higher added value. The aspect of sustainability is important in this regard.

12 SDG 9
13 GRI 3-3
14 SDG 3
15 SDG 11

4.5

ACHIEVEMENT OF PLANNED OBJECTIVES BY THE TELEKOM SLOVENIJE GROUP IN 2022

Despite numerous global macroeconomic challenges, the Telekom Slovenije Group actively and successfully achieved the objectives set out in the Strategic Business Plan for the period 2022 to 2026 and the Annual Business Plan for 2022. An overview of key activities and achievements is presented in the table below.

STRATEGIC OBJECTIVES FROM THE STRATEGIC BUSINESS PLAN AND THEIR REALISATION IN 2022

Strategic objective	Achieved in 2022
Leader in user experience	<ul style="list-style-type: none">The proportion of satisfied and fully satisfied users of Telekom Slovenije’s fixed and mobile services [CSI] remains at a high level.We modernised the platform in the Online Store and upgraded existing functionalities, while we also updated the portfolio, which now includes more than 5,300 products in more than 130 categories.We are accessible to users via numerous touchpoints. We enhanced field sales through authorised agents. We are also available to customers at all times via video call at Telekom centres via the Viber and WhatsApp platforms, and via Microsoft Teams.We increased the capacities of base stations due to the rising volume of mobile data traffic, and improved the external and internal coverage of the mobile radio signal, in part through the construction of base stations at new locations.We continue to modernise the mobile network, and upgraded software and equipment with 4G and 5G technologies. We cover more than 97% of the population with the LTE/4G network, more than 84% of the population with the LTE-A/4G+ network, and more than 40% of the population with the 5G network. We included an additional 59 small cells for the needs of internal coverage.We facilitated the connection of 30,909 new users, bringing the total to more than 442,000 Slovenian households connected to our fibre optic network. To provide the subscribers of the <i>NEO Svet C</i> and <i>NEO SuperNet</i> packages the highest speeds, we upgraded the basic speed on the fibre optic network for free, and facilitated speeds of up to 1 Gbit/s, with the possibility of purchasing speeds of up to 2 Gbit/s.We upgraded the oldest fixed packages [60] of more than 85,000 TV subscribers with NEO packages, while we also replaced the oldest TV communicators with NEO Smartboxes.We achieved a high transactional NPS [visit by a technician in cooperation with technical support].
Digitalisation of operations	<ul style="list-style-type: none">We made it possible for business users to arrange subscriber relations via My Telekom, and provided additional reports for monitoring the use and optimisation of connected services.We upgraded the VALÚ Smart Wallet with a simplified interface for the inclusion of new retailers in the VALÚ Market. We expanded the network of retailers at which it is possible to pay for goods and services via a QR code. Payments for digital content in the App Store and Google Play were up by 40% relative to 2021, while the number of users was up by 30%.
Growth in ICT services	<ul style="list-style-type: none">We provide an increasing number of municipalities traffic management, smart parking and environmental measurement [e.g. air and noise pollution] services.We established a remote meter reading pilot project for Rižanski vodovod and smart viticulture in Goriška Brda.The number of business users of the Cyber Security Operation Centre more than doubled in 2022; we now protect more than 120 business users.We participated in several European projects, in the scope of which we are developing new services and technologies, and testing concepts through which we aim to create new commercial solutions over the next three to five years. The majority of projects focus on the development of new technologies, in particular the Internet of Things, cyber security, support for critical communications and eCare.

Strategic objective	Achieved in 2022
Maintaining the level of revenues from the core activity in Slovenia	<ul style="list-style-type: none">In Slovenia, we maintained the highest market share in both the mobile and IPTV services segments. Our market shares were as follows: 35.7% of the mobile telephony segment, 27.2% of the fixed broadband internet access segment and 40.9% of the IPTV segment [figures for fourth quarter of 2022; source: AKOS].IPKO is the leading operator in both segments, with a 52% share of the mobile telephony segment and 29% share of the fixed segment.
Optimal employee structure	<ul style="list-style-type: none">The number of employees in the Group was down by 0.7%.Group employees received an average of 27.2 hours of training in 2022, while that figure was 32.2 hours at Telekom Slovenije. The proportion of employees included in education and training was 91% at the Group level.
Financial stability	<ul style="list-style-type: none">We consistently fulfilled the financial commitments set out in loan agreements.Reserve liquidity was secured in the form of revolving loans.
Responsibility to the environment and society	<ul style="list-style-type: none">The discontinuation of the use of 3G technology, which we introduced 20 years ago, is an integral element of our sustainable operations, and part of the technological and developmental optimisation of our network.Electronic equipment returned by users is carefully inspected, cleaned and prepared for reuse at TSinpo. We thus extend the useful life of equipment, increase cost-effectiveness and reduce the volume of electronic waste.We support sports, humanitarian, educational and cultural organisations and projects through sponsorships and donations. We also responded to current events by donating EUR 20,000 to the Firefighters Association of Slovenia for the renewal of the worn-out and destroyed equipment of firefighting companies that helped extinguish the fire in the Karst region. As a way of expressing our gratitude, we gave every firefighter an additional 500 GB of data transfer a month in our mobile network, as well as the free use of the programme scheme of their choice in our TV offer.In the field of education, we have been participating in the Reading Badge, Happy School and Eco-Quiz projects for a number of years. We also provide financial and contextual support to the study programmes of Slovenian faculties that educate students primarily for work in the ICT sector.At the initiative of one of its employees, Telekom Slovenije established the Heart Foundation in 2019 with the aim of helping the children of Group employees who have lost one or both parents, or who are seriously ill. Employees at Slovenian Group companies contribute funds every month. We thus provided monthly financial assistance to 44 children between the ages of 5 and 20 years in 2022, while we also provided one-time financial assistance for the treatment of the seriously ill children of employees. At the end of the year, Telekom Slovenije and GVO donated EUR 10,000 and EUR 3,000, respectively, to the Heart Foundation.In the scope of the Creating a Green Future campaign, we planted 1,000 honey-bearing trees in exchange for old phones brought to Telekom centres by users.

FULFILMENT OF THE BUSINESS EXPECTATIONS OF THE TELEKOM SLOVENIJE GROUP FOR 2022

	Planned in 2022	Achieved in 2022
Operating revenues	EUR 660.6 million	EUR 659.0 million
EBITDA	EUR 211.2 million	EUR 216.5 million
Net income	EUR 27.9 million	EUR 37.5 million
Investments	EUR 203.1 million	EUR 167.8 million



5

CORPORATE GOVERNANCE STATEMENT

Telekom Slovenije, d.d. [hereinafter: Telekom Slovenije] hereby issues its corporate governance statement in accordance with the fifth paragraph of Article 70 of the Companies Act, and the recommendations of the Corporate Governance Code and the Corporate Governance Code for Companies with Capital Assets of the State.

The corporate governance statement is an integral part of the audited annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d. for 2022. It relates to the period 1 January 2022 to 31 December 2022. We also disclose significant events after the aforementioned period and up to the publication of the statement. The corporate governance statement is accessible in electronic form, for a minimum of five years from the date of its publication, on the Company's website at <https://www.telekom.si/en/about-us/company/corporate-governance> and in the Ljubljana Stock Exchange's electronic information system at <http://seonet.ljse.si>.

5.1

CORPORATE GOVERNANCE POLICY

Corporate governance at Telekom Slovenije and within the Telekom Slovenije Group is based on the following principles and guidelines:

- Corporate Governance Policy of Telekom Slovenije, d.d., which was initially adopted in December 2011 and last updated on 13 February 2020,
- Corporate Governance Rulebook of the Telekom Slovenije Group, which was adopted on 22 August 2017, and
- Instructions on the Implementation of the Corporate Governance Rulebook of the Telekom Slovenije Group by individual area, which were adopted on 18 February 2020.

The Corporate Governance Policy defines a system for segregating responsibilities and competences between members of management and supervisory bodies, the role of Supervisory Board's committees and the protection of employees' interests. It also defines groups of stakeholders, a strategy for communication and cooperation with those groups, a policy governing links between the Company and its subsidiaries, and a commitment to identify conflicts of interest and to ensure the independence of members of the Supervisory Board and Management Board.

The Supervisory Board and Management Board adopt updates to the Corporate Governance Policy, taking into account current guidelines in the area of corporate governance, as well as binding regulations and best practices.

The Corporate Governance Rulebook of the Telekom Slovenije Group defines the rules, criteria and mechanisms for managing and supervising companies in the Telekom Slovenije Group. The Instructions on the Implementation of the Corporate Governance Rulebook of the Telekom Slovenije Group defines the way in which the corporate governance of subsidiaries is implemented in individual areas.

The Management Board and Supervisory Board function in accordance with the law and other regulations, the Articles of Association of Telekom Slovenije, d.d. and the rules of procedure of the Management Board and Supervisory Board.

The Corporate Governance Policy of Telekom Slovenije, d.d., the rules of procedure of the Management Board and the other documents linked to corporate governance are publicly accessible on the Company's website at <https://www.telekom.si/en/about-us/company/corporate-governance>.

5.2

STATEMENT OF COMPLIANCE WITH THE CODE

Telekom Slovenije, as a public interest entity whose securities are traded on the regulated securities market, and as a company with capital assets of the State, took into account the corporate governance recommendations set out in the following documents to the greatest extent possible during the 2022 financial year:

- Corporate Governance Code** adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 9 December 2021. The code entered into effect on 1 January 2022 and is published on the website www.ljse.si;
- Corporate Governance Code for Companies with Capital Assets of the State**, which was adopted by Slovenski državni holding, d.d. in March 2021, and the **Recommendations and Expectations of Slovenski državni holding** from August 2020 and the amended version from June 2022 (both documents are published on the website www.sdh.si); and
- Recommendations to Public Companies Regarding Notification** from 19 November 2020, which entered into force on 23 November 2020. The above recommendations were adopted by the Ljubljana Stock Exchange and are published on the website www.ljse.si.

In its work and operations, Telekom Slovenije also complies with the guidelines set out in the Code of Ethics of the Telekom Slovenije Group of 1 February 2017 (published on the Company's website at www.telekom.si/en).

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Telekom Slovenije explains below deviations from individual recommendations set out in the aforementioned code:

Diversity Policy

Recommendations 4.1 and 4.3: Telekom Slovenije adopted a Diversity Policy in 2020 in accordance with the recommendation of the Code. The Company deviates in part from this recommendation, as targets are stated in descriptive terms, but not in numerical terms or percentages, except with regard to gender diversity.

Remuneration policy

Recommendation 6.1: No consultative resolution on the remuneration policy was adopted at the Company's 34th General Meeting of Shareholders. The remuneration policy that applies at Telekom Slovenije is in line with the law. The Company will further study the recommendations of Slovenski državni holding, and submit an adjusted remuneration policy to shareholders for consultative voting at the Company's regular General Meeting of Shareholders in 2023.

Sustainable operations

Recommendation 7: Telekom Slovenije deviates in part from this recommendation, as an umbrella Sustainable Business Policy has not yet been adopted. However, sectoral policies and rules are in place. A Sustainable Business Policy will be adopted in 2023.

Recommendation 7.9: Telekom Slovenije's sustainability report is integrated into its annual report. We published the report of the Telekom Slovenije Group according to the 2021 EU Taxonomy separately. Data for 2022 are disclosed in the annual report in point **8.4.1 Disclosures of indicators for economic activities that are included in the 2022 EU Taxonomy** that are included in the 2022 EU Taxonomy.

Justification of proposals for the election of Supervisory Board members

Recommendation 10.10: Telekom Slovenije deviated in part from this recommendation in 2022 because the justification of a proposal for shareholders at the 35th General Meeting of Shareholders regarding the election of new members of the Supervisory Board did not include an assessment of potential conflicts of interest and an assessment of whether the proposed candidates are independent in relation to the Company according to the criteria set out in the Code. The aforementioned aspects were verified during the candidacy procedure in accordance with legal provisions and the recommendations of the Code.

Annual training plan for members of the Supervisory Board and its committees

Recommendation 15.1: Telekom Slovenije deviates in part from the recommendation with respect to the definition of an annual training plan for members of the Supervisory Board and the members of its committees, as an annual plan as a unique document is not defined.



External evaluation of the assessment of the Supervisory Board

Recommendation 16.4: Telekom Slovenije did not comply with this recommendation, as an external evaluation of the assessment of the Supervisory Board was not performed. A self-assessment of the Supervisory Board was published for 2021.

Succession system for the Management Board

Recommendation 22.1: Telekom Slovenije deviates in part from this recommendation, as it does not have a succession system in place for the Management Board; internal candidates are appropriately considered in the scope of the selection process.

Publication of rules of procedure of bodies

Recommendation 32.7: Telekom Slovenije deviates in part from this recommendation, as it has only published the rules of procedure of the Management Board on its website.

STATEMENT OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE FOR COMPANIES WITH CAPITAL ASSETS OF THE STATE

Telekom Slovenije explains below deviations from individual recommendations set out in the aforementioned code:

Succession policy

Recommendations 6.1, and 6.2.1 to 6.2.3: Telekom Slovenije deviates in part from this recommendation, as it has not adopted a succession policy in the form of a single document; internal candidates are appropriately considered in the scope of the selection process.

Number of sessions of the Audit Committee

Recommendation 6.14.2: Telekom Slovenije deviates in part from this recommendation. Given the current relevance and complexity of individual matters, the Supervisory Board’s Audit Committee met at more sessions in 2022 than the recommended number.

Disclosure of the remuneration of members of the Management Board and Supervisory Board

Recommendation 8.3: Telekom Slovenije deviates from this recommendation to a lesser degree because the variable element of the remuneration of Management Board members is not disclosed separately in terms of qualitative and quantitative criteria. The Company does not disclose the remuneration and other rights of the management staff of subsidiaries in its annual report. It does, however, present that information for the three largest subsidiaries at the General Meeting of Shareholders.

Disclosure of the costs of the Supervisory Board’s work

Recommendation 8.4: Telekom Slovenije deviates in part from this recommendation, as all costs incurred by the Supervisory Board are not disclosed separately as stated in the recommendation because they are not booked to a separate cost centre.

Compliance and integrity officer

Recommendation 11.2.1: Telekom Slovenije deviates in part from this recommendation, as the position of compliance and integrity officer is not classified separately. The compliance and integrity officer is appointed by resolution of the Management Board.

RECOMMENDATIONS AND EXPECTATIONS OF SLOVENSKI DRŽAVNI HOLDING

Telekom Slovenije adheres to the Recommendations and Expectations of Slovenski državni holding to the greatest extent possible. Telekom Slovenije’s position regarding the recommendations and expectations is published on the Company’s website at: [<https://www.telekom.si/en/about-us/company/corporate-governance>].

5.3 MANAGEMENT AND SUPERVISORY BODIES

Telekom Slovenije has a two-tier management and governance system. The Company’s bodies are the General Meeting of Shareholders, Supervisory Board and Management Board. The Company is managed by the Management Board and supervised by the Supervisory Board.

GENERAL MEETING OF SHAREHOLDERS AND RIGHTS OF SHAREHOLDERS

All shareholders are treated equally and are ensured the consistent exercising of their rights. Shareholders have the right to participate in the management of the company, the right to dividends and the right to an appropriate share of residual assets after the company’s liquidation or bankruptcy.

Shareholders exercise their right to information at the General Meeting of Shareholders. The convening, competences and functioning of the General Meeting of Shareholders are set out in the ZGD-1, the Company’s Articles of Association and the rules of procedure of the General Meeting of Shareholders. The Company convenes the General Meeting of Shareholders at least once a year, when it benefits the Company or whenever required in accordance with the law and its Articles of Association. The date that the convening of the General Meeting of Shareholders is published on the website of the Agency of the Republic of Slovenia for Public Legal Records and Related Services is deemed the official date of that convocation. Shareholders exercise their rights at the General Meeting of Shareholders in person or through authorised representatives. Detailed information about the rights of shareholders is published to coincide with the convening of the General Meeting of Shareholders and are accessible on the Company’s website [<https://www.telekom.si/en/investor-relations/shareholders-meeting>].

Shareholders who are entered in the central register of securities at KDD [Central Securities Clearing Corporation] at the close of business seven days prior to the General Meeting of Shareholders [cut-off day] are entitled to participate and vote at the General Meeting of Shareholders, if they have registered in writing at least three days prior to the General Meeting of Shareholders.

The shareholders of Telekom Slovenije met at two General Meetings in 2022. At total of 80.50% of shares with voting rights %were represented at the **34th General Meeting of Shareholders** held on 9 June. At the General Meeting of Shareholders, shareholders:

- were briefed on the written report of the Supervisory Board on the approval of the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021;
- were briefed on the report on the remuneration of members of Telekom Slovenije, d.d.’s Management Board and Supervisory Board for 2021, and on information regarding the remuneration of members of management bodies of the three biggest subsidiaries for 2021;
- approved the proposed use of distributable profit for the 2021 financial year;
- conferred official approval on the Management Board and Supervisory Board for the 2021 financial year;
- were briefed on changes to the Company’s Supervisory Board;
- adopted amendments to Articles of Association of Telekom Slovenije;
- were briefed on the report on acquisition of treasury shares; and
- voted against the proposed resolution of acknowledgement regarding the Policy on the Remuneration of Members of Telekom Slovenije’s Management Board and Supervisory Board, and against the resolution regarding authorisation to acquire treasury shares.¹⁶

At the request of Kapitalska družba pokojninskega in invalidskega zavarovanja, d.d., the **35th General Meeting of Shareholders** was held on 9 September, when 78.52% of shares with voting rights were represented. At the General Meeting of Shareholders, the Company’s shareholders:

- recalled members of the Supervisory Board and shareholder representatives, Iztok Černoša, Marko Kerin, Radovan Cerjak and Dr Jurij Toplak, effective 9 September 2022; and
- elected Alenka Čok Pangeršič, MSc, Mateja Čuk Orel, MSc, Marko Boštjančič and Žiga Debeljak, MSc as members and shareholder representatives of the Supervisory Board, for a four-year term of office that began on 9 September 2022.

No challenges against resolutions adopted by the General Meeting of Shareholders were announced.

The resolutions of General Meetings of Shareholders and documentation from previous meetings are published on the Company’s website.

According to the Company’s financial calendar, the 36th General Meeting of Shareholders for 2023 is planned for 16 June 2023.

MANAGEMENT BOARD¹⁷

Composition of the Management Board

Any person who, in addition to meeting the relevant legal requirements, has a university-level qualification, at least five years of work experience in management positions and active knowledge of at least one foreign [global] language, and who fulfils other conditions defined by the Supervisory

Board may be appointed as a member of the Management Board. The Supervisory Board also takes into account the Policy Governing the Diversity of the Management Board and Supervisory Board when selecting candidates to serve as members of the Management Board. These conditions do not apply to the Workers’ Director as member of the Management Board. The conditions and criteria that apply to the aforementioned person are defined jointly by the Supervisory Board and Works Council.

Telekom Slovenije’s Management Board comprises five members who are appointed for a four-year term of office.

At its 22nd ordinary session held on 1 September 2022, Telekom Slovenije’s Supervisory Board adopted a resolution on the mutual termination of the terms of office of President of the Management Board, Cvetko Sršen, and member of the Management Board, Barbara Galičič Drakslar, effective on the day new members are appointed

to the Management Board. On 1 September 2022, the Supervisory Board relieved Tomaž Jontes from his position as member and Vice-President of the Management Board for reasons of culpability.

On 3 October 2022, the Supervisory Board appointed Boštjan Košak to serve a four-year term of office as President of the Management Board, effective 4 October 2022. In accordance with Mr Košak’s appointment, the term of office of Cvetko Sršen ended on 3 October 2022.

At its session held on 11 October 2022, the Supervisory Board appointed two new members of the Management Board based on the proposal of the President of the Management Board. Irma Gubanec, MSc became member of the Management Board responsible for the area of finance, while Boštjan Škufca Zaveršek, MSc became member of the Management Board responsible for the commercial sector. Ms Gubanec’s four-year term of office

began on 12 October 2022, while Mr Škufca Zaveršek’s four-year term of office began on 14 November 2022. Boštjan Škufca Zaveršek, MSc was appointed Vice-President of the Management Board. With the appointment of the new member of the Management Board responsible for the area of finance, the term of office of Barbara Galičič Drakslar ended on 11 October 2022.

At its session held on 19 October 2022, the Supervisory Board appointed Vesna Prodnik, MSc to serve as member of the Management Board responsible for the area of technology based on the proposal of the President of the Management Board. Ms Prodnik’s four-year term of office began on 14 November 2022. At the same time, mutual agreement was reached with Dr Mitja Štular on the termination of his function as member of the Management Board.

The composition of the Management Board was as follows in 2022:

Name	Office	Area of work on the Management Board	First appointment to function	Completion of function/ term of office	Gender	Nationality	Year of birth	Education / professional profile	Membership in supervisory bodies of unaffiliated companies
Boštjan Košak	President	Corporate Governance, Human Resource Management, General Affairs, Corporate Communications, Legal Affairs, Regulation, Compliance, Risk Management, Corporate Security, Internal Auditing, Strategic Project Office and the subsidiaries IPKO and TSinpo.	4 October 2022	3 October 2026	Male	Slovenian	1971	Holds a bachelor’s degree in economics.	
Boštjan Škufca Zaveršek, MSc	Vice-President	B2B and B2C, Development of Products and Services, Digitalisation, Development of ICT Solutions, Marketing and the subsidiaries Avtenta and Soline.	14 November 2022	13 November 2026	Male	Slovenian	1976	Holds a bachelor’s degree in economics and a master’s of science.	
Irma Gubanec, MSc	Member	Finance, Accounting, Controlling, Procurement, Real Estate Management, Logistics, Wholesale Market and the subsidiary TSmedia.	12 October 2022	11 October 2026	Female	Slovenian	1968	Holds a bachelor’s degree in economics and a master’s of science.	
Vesna Prodnik, MSc	Member	Network Management, IT and ICT Services, and the subsidiaries GVO, SIOL Zagreb, SIOL Podgorica, SIOL Sarajevo, SIOL Skopje, SIOL DOO Belgrade and SIOL Prishtina.	14 November 2022	13 November 2026	Female	Slovenian	1972	Holds a bachelor’s degree in electrical engineering and a master’s degree in communication sciences.	
Špela Fortin	Member – Workers Director	Responsibilities derive directly from the law.	14 September 2019	13 September 2023	Female	Slovenian	1978	High school graduate.	
Cvetko Sršen	President	Corporate Governance, Human Resource Management, General Affairs, Corporate Communications, Legal Affairs, Regulation, Compliance, Risk Management, Corporate Security, Internal Auditing, Strategic Project Office and the subsidiaries IPKO and TSinpo.	10 March 2021	3 October 2022	Male	Slovenian	1966	Holds a master’s degree in intercultural management.	INFRA izvajanje investicijske dejavnosti, d.o.o.
Tomaž Jontes	Member Member Vice-President	B2B and B2C, Development of Products and Services, Digitalisation, Development of ICT Solutions, Marketing and the subsidiaries Avtenta and Soline.	22 June 2020 10 March 2021 22 March 2021	10 March 2021 22 March 2021 1 September 2022	Male	Slovenian	1971	Holds a bachelor’s degree in economics.	Triglav, pokojninska družba, d. d.
Dr Mitja Štular	Member	Network Management, IT and ICT Services, and the subsidiaries GVO, SIOL Zagreb, SIOL Podgorica, SIOL Sarajevo, SIOL Skopje, SIOL DOO Belgrade and SIOL Prishtina.	10 March 2021	13 November 2022	Male	Slovenian	1970	Holds a doctorate in electrical engineering.	
Barbara Galičič Drakslar	Member	Finance, Accounting, Controlling, Procurement, Real Estate Management, Logistics, Wholesale Market and the subsidiary TSmedia.	31 March 2021	11 October 2022	Female	Slovenian	1971	Holds a bachelor’s degree in economics.	

17 GRI 2-9, 2-10, 2-11, 405-1

WORK OF THE MANAGEMENT BOARD

The Management Board manages transactions and represents the Company independently, and is liable for its own actions in that regard. It makes decisions that are in line with the Company’s strategic objectives, taking into account the principles of sustainable development and the interests of shareholders and other stakeholders. The responsibilities of individual members of the Management Board are set out in the rules of procedure of that body and in the resolution defining the business areas and responsibilities of Management Board members, to which the Supervisory Board gives its consent.

The Management Board met at 63 regular and three correspondence sessions in 2022.

In March 2022, Telekom Slovenije entered into an agreement with DBA informacijske tehnologije and DBA Group S.p.A. on the purchase of a 100% participating interest in ACTUAL I.T., informacijske tehnologije, d.d. That agreement was concluded on 28 March 2022, but the transaction was not completed for reasons beyond the Company’s control.

The Management Board adopted a number of other business decisions and carried out the following activities:

- the development and achievement of established objectives;
- the introduction of new and upgraded services;
- the development of cyber security, healthcare, financial, transport, logistics and smart city services;
- the adaptation of network capacities with respect to the needs of users;
- additional concern for cyber security;
- the development of opportunities to use mobile networks in connection with the introduction of the 5G network, and ensuring a superior user experience; and
- the upgrading of the comprehensive portfolio of ICT services and solutions.

EARNINGS OF THE MANAGEMENT BOARD¹⁸

The remuneration, composition and amount of earnings of Management Board members are set out in employment contracts taking into account the Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities [ZPPOGD], the Decree setting the highest correlation between the basic salary and the amount of variable remuneration of directors

[hereinafter: the Decree] and the remuneration policy for members of Telekom Slovenije, d.d.’s Management Board and Supervisory Board.

The Supervisory Board sets objectives for the Management Board for every financial year, based on the approved annual business plan and certain key indicators. The Management Board’s objectives comprise quantitative and qualitative objectives, as well as financial and non-financial objectives that are defined for the purpose of monitoring the performance of Management Board members. The earnings of Management Board members comprise a basic salary, variable performance-based remuneration, and other rights and benefits.

The remuneration policy states that variable remuneration based on financial criteria [e.g. sales revenue and EBITDA] amounts to at least 50%, while remuneration based on non-financial criteria [e.g. overall transactional NPS, the achievement of social responsibility objectives and sustainable operations] is at least 30%.

According to the aforementioned Decree, the basic salary of Management Board members may amount to a maximum of five times the average gross salary within the Telekom Slovenije Group, where the salary of an individual member of the Management Board is determined taking into account their powers, duties, experience, responsibilities, scope of work and the Company’s financial situation.¹⁹

The conditions for profit sharing by the Management Board are governed by the Company’s Articles of Association. The earnings of Management Board members in 2022 are presented in the separate report, Report on the remuneration of members of Telekom Slovenije’s Management Board and Supervisory Board for 2022, and in the accounting report in point [42 Related party transactions](#).

SUPERVISORY BOARD

In the scope of its competences, the Supervisory Board ensured the responsible and high-quality supervision of the operations of Telekom Slovenije and the Telekom Slovenije Group in 2022. It met regularly, and discussed different aspects of operations and monitored the implementation of plans. Specific topics were discussed in advance by the Supervisory Board’s committees. Based on findings, proposals and careful assessment by those committees, the Supervisory Board adopted decisions and informed stakeholders after its sessions.

COMPOSITION OF THE SUPERVISORY BOARD²⁰

The Supervisory Board comprises nine members, six of whom are shareholder representatives and three of whom are employee representatives. When selecting candidates for Supervisory Board members, diversity in terms of knowledge, skills, experience and other personal circumstances of candidates [gender, age, education, etc.] is taken into account, in addition to the required level of qualifications, reputation and integrity.

The composition of the Supervisory Board changed as follows during 2022:

- At its session on 2 June 2022, Telekom Slovenije’s Works Council elected Rok Pleteršek to serve as replacement member of the Company’s Supervisory Board and employee representative. Mr Pleteršek’s term of office will run until the expiration of the terms of office of other employee representatives of the Supervisory Board, i.e. until 14 November 2025. He was appointed replacement member of the Supervisory Board after the Supervisory Board was briefed on 11 May 2022 on the resignation of Supervisory Board member and employees representative, Jana Žižek Kuhar. Jana Žižek Kuhar’s term of office expired on the day of the appointment of the replacement member.
- At the Company’s General Meeting of Shareholders of Telekom Slovenije held on 9 September 2022, shareholders recalled members of the Supervisory Board and shareholder representatives, Iztok Černoša, Marko Kerin, Radovan Cerjak and Dr Jurij Toplak. They elected Alenka Čok Pangeršič, MSc, Mateja Čuk Orel, MSc, Marko Boštjančič and Žiga Debeljak, MSc as members and shareholder representatives of the Supervisory Board, for a four-year term of office that began on 9 September 2022.

- At its 1st ordinary session held on 14 September 2022, the members of the Supervisory Board elected Žiga Debeljak, MSc to serve as President of the aforementioned body. Karla Pinter, MSc and Drago Kijevčanin remain Vice-Presidents of the Supervisory Board, with the former serving as shareholder representative and the latter serving as employee representative. The Supervisory Board also newly appointed members to its committees.

The composition of the Supervisory Board is diverse, as its members complement each other in terms of their expertise, competences, experience, age, gender, work method and other aspects. This facilitates the effective exchange of opinions and views at sessions.

In accordance with the Corporate Governance Code, the Supervisory Board hereby declares that all costs in connection with its work are disclosed in this annual report and are not disclosed separately.



18 GRI 2-18, 2-19, 2-20

19 GRI 2-21

20 GRI 2-9, 2-10, 2-11, 2-15, 405-1

The Supervisory Board comprised the following members in 2022:

Name	Office	First appointment to function	Completion of function/term of office	Shareholder/ employee representative	Participation in Supervisory Board sessions	Gender	Nationality	Year of birth		Education / professional profile	Independence per statement of independence	Existence of conflicts of interest during the financial year	Membership in supervisory bodies of other companies	Employment
Žiga Debeljak, MSc	President	9 September 2022	8 September 2026	Shareholder representative	11/11	Male	Slovenian	1971		Holds a bachelor's degree in information technology and a master's degree in business administration and corporate governance.	YES	NO	GEN energija, d.o.o., Krško	President of the Management Board of SDH, d.d.
Karla Pinter, MSc	Vice-President	18 June 2021	17 June 2025	Shareholder representative	22/22	Female	Slovenian	1982		Holds a bachelor's degree in law and a master's degree in Legal Affairs	YES	NO	Mariborska livarna Maribor, d.d.	Director General of the Internal Market Directorate at the Ministry of the Economy, Tourism and Sport.
Aleksander Igličar, MSc	Member	22 January 2021	21 January 2025	Shareholder representative	22/22	Male	Slovenian	1962		Holds a master's degree in economics / accounting.	YES	NO	Iskra Mehanizmi Holding, d.d., Lipnica; Slovenska tiskovna agencija, d.o.o., Ljubljana	Senior lecturer at the University of Ljubljana's Faculty of Economics.
Marko Boštjančič	Member	9 September 2022	8 September 2026	Shareholder representative	11/11	Male	Slovenian	1967		Holds a bachelor's degree in law/ telecommunications.	YES	NO		Director of MIBO, d.o.o., Komunikacije, Sarajevo
Alenka Čok Pangeršič, MSc	Member	9 September 2022	8 September 2026	Shareholder representative	11/11	Female	Slovenian	1971		Holds a bachelor's degree in engineering physics and a master's degree in management and organisation/ asset management.	YES	NO		Executive Director of Real Estate Management Sector at Modra zavarovalnica, d.d.
Mateja Čuk Orel, MSc	Member	9 September 2022	8 September 2026	Shareholder representative	11/11	Female	Slovenian	1980		Holds bachelor's and master's degrees in law/ legal affairs.	YES	NO	GEN energija, d.o.o., Krško SODO, d.o.o., Maribor	Attorney-at-law to the Law Office of Čuk Orel, Ljubljana
Iztok Černoša	President	22 January 2021	9 September 2022	Shareholder representative	11/11	Male	Slovenian	1984		Holds a bachelor's degree in civil engineering/ technology.	YES	NO		
Marko Kerin	Member	22 January 2021	9 September 2022	Shareholder representative	11/11	Male	Slovenian	1978		Holds a bachelor's degree in economics/ accounting, auditing, business finance department and risk management.	YES	NO		Head of the office for monitoring and controlling the intra-group business operations and transactions of the Slovenske Železnice Group
Dr Jurij Toplak	Member	18 June 2021	9 September 2022	Shareholder representative	10/11	Male	Slovenian	1977		Holds a bachelor's degree in law/doctorate in constitutional law.	YES	NO		Head of the Department of Public Law and a full professor in the area of law at the Faculty of Law at the University of Maribor. He is also the Managing Director and a full professor at Alma Mater Europaea ECM.
Radovan Cerjak	Member	22 January 2021	9 September 2022	Shareholder representative	11/11	Male	Slovenian	1967		Holds a bachelor's degree in law/ legal affairs.	YES	NO	Slovenska tiskovna agencija, d.o.o., Ljubljana	Attorney-at-law at the Law Office of Radovan Verjak, Ljubljana
Drago Kijevčanin	Vice-President	19 September 2018 [first term of office] 15 November 2021 [current term of office]	14 November 2021 14 November 2025	Employee representative	22/22	Male	Slovenian	1964		Telecommunications engineer/technology.	YES	NO	NO	Telekom Slovenije, network engineer in the ICT and Network Services organisational unit, President of the SELEKS trade union and member of the Works' Council.
Dušan Pišek	Member	19 September 2018 [first term of office] 15 November 2021 [current term of office]	14 November 2021 14 November 2025	Employee representative	22/22	Male	Slovenian	1964		Telecommunications engineer/technology.	YES	NO	NO	Telekom Slovenije, team leader in the ICT and Network Services organisational unit and President of the Works' Council.
Rok Pleteršek	Member	2 June 2022	14 November 2025	Employee representative	16/16	Male	Slovenian	1990		Holds a master's degree in law / legal affairs and telecommunications.	YES	NO	NO	Telekom Slovenije, ICT and Network Services, member of the Works' Council.
Jana Žižek Kuhar	Member	19 September 2018 [first term of office] 15 November 2021 [second term of office]	14 November 2021 2 June 2022	Employee representative	6/6	Female	Slovenian	1974		Holds a bachelor's degree in economics/real estate management.	YES	NO	NO	Telekom Slovenije, expert in the Procurement, Logistics and Real Estate organisational unit, member of the Works Council [until 24 April 2022]

WORK OF THE SUPERVISORY BOARD

The Supervisory Board performed its work in accordance with the powers and competences prescribed by the law, the Company’s Articles of Association and its own rules of procedure. It is fully liable for the performance of its supervisory function and makes its decisions independently. To that end, it ensures the responsible and high-quality supervision of the operations of Telekom Slovenije and the Telekom Slovenije Group. All members of the Supervisory Board submitted statements of compliance with the criteria of independence in accordance with the Corporate Governance Code [the statements are published on the website of Telekom Slovenije]. No member of the Supervisory Board disclosed any fact that could have affected their independence during the 2022 financial year.

The Supervisory Board met at 16 regular, one extraordinary and five correspondence sessions in 2022. It discussed different aspects of the Company’s operations and monitored the implementation of plans. Specific topics were discussed in advance by the Supervisory Board’s committees. Based on the proposals and assessments of committees, the Supervisory Board adopted the appropriate decisions.

Within the scope of its competences, the Supervisory Board made the following responsible decisions in 2022:

- adopted the annual business plan of Telekom Slovenije and the Telekom Slovenije Group for the 2023 financial year;
- adopted the audited annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021;
- appointed the President, Vice-President and two members to the Management Board;
- gave its consent to the appointment of managing directors of subsidiaries; and
- gave its consent to the purchase of a 100% participating interest in ACTUAL I.T., informacijske tehnologije, d.d. That agreement was concluded on 28 March 2022, but the transaction was not completed for reasons beyond the Company’s control.

In its supervision of the management of the operations of the Company and Telekom Slovenije Group subsidiaries, the Supervisory Board was briefed regularly on the following in 2022:

- reports on the operations of the parent company and subsidiaries;
- implementation of the Strategic Business Plan of the parent company and subsidiaries;
- assessments of the performance indicators of the Company and subsidiaries in each period; and

- other information in connection with the operations of the parent company and subsidiaries.

The Supervisory Board partially updated its rules of procedure in April 2022. It performed an internal assessment of its work in the spring of 2022 according to the methodology of the Slovenian Directors’ Association. No proposals for improvements were put forth.

COMPOSITION AND FUNCTIONING OF SUPERVISORY BOARD COMMITTEES

Strategy Committee and Marketing and Technology Committee. It then reconstituted its committees, and appointed three permanent committees: Audit Committee, HR Committee and Business Development Committee. The aforementioned committees discussed individual areas of expertise in accordance with their respective competences and tasks. Committees discussed topics related to the Supervisory Board’s work and advised the latter in important matters. This contributed to the improved work and effectiveness of the Supervisory Board.

The composition and most important tasks of individual committees in 2022 are described below:

As an advisory body, the **Audit Committee** assists the Supervisory Board in its supervision of financial reporting, internal controls and risk management at Telekom Slovenije and at the Telekom Slovenije Group level, and in cooperation with external and internal auditors. The Audit Committee’s key tasks are to ensure professional cooperation in the corporate governance process, where it functions for the good of the Company and protects the interests of its stakeholders.

In accordance with valid legislation, Telekom Slovenije’s Supervisory Board decided that audit committee tasks at the subsidiaries Soline and Avtenta, which are public-interest entities, will be carried out by the Audit Committee of Telekom Slovenije’s Supervisory Board.

The Audit Committee’s members were as follows as at 31 December 2022:

- Aleksander Igličar, MSc (chair),
- Alenka Čok Pangeršič, MSc,
- Drago Kijevčanin,
- Barbara Gorjup, MSc – external member, and
- Dr Marko Hočevar – external member.

The composition of the Audit Committee changed in 2022. In September 2022, recalled member of the Supervisory Board, Marko Kerin, was replaced by new member, Alenka Čok Pangeršič, MSc.

Information regarding the members of the Audit Committee who were also members of the Supervisory Board in 2022 is presented in the table detailing the members of the Supervisory Board, while information regarding the external members of the Audit Committee is presented in the table below.

Name	Committee	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory bodies of other companies
Barbara Gorjup, MSc	Audit Committee	Female	Slovenian	Holds a master’s of science.	1973	Accounting, auditing, business finance, business valuation.	Member of the Supervisory Board of: HSE d.o.o., and Triglav skladi, d.o.o.
Dr Marko Hočevar	Audit Committee	Male	Slovenian	Holds a doctorate in economics.	1962	Accounting.	Member of the Supervisory Board of: Hidria holding, d.o.o., H&R, d.d., and KZPS, d.o.o.

The Audit Committee met at nine ordinary sessions and held four correspondence sessions in 2022. As a rule, all members were present at sessions.

Members of the Supervisory Board who are not members of the Audit Committee were kept abreast about the latter’s work through the review of the minutes of the committee’s sessions. The chair of the Audit Committee also regularly reported on the committee’s work and findings at sessions of the Supervisory Board. The Audit Committee addressed issues in accordance with the ZGD-1, recommendations for the work of audit committees, the Audit Committee’s rules of procedure, its work plan adopted for 2022 and the resolutions of Telekom Slovenije’s Supervisory Board.

Key tasks performed by the Audit Committee in 2022 were as follows:

- it monitored and discussed financial reporting regarding the operations of the Telekom Slovenije Group and Telekom Slovenije;
- it monitored the progress of and was briefed on the findings from the external audit of the annual report and financial statements of the Telekom Slovenije Group and Telekom Slovenije;
- it discussed the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2021;
- it discussed the Internal Audit Service’s quarterly reports regarding audits performed and the implementation of issued recommendations;
- it discussed the annual report on the work of the Internal Audit Service for 2021, the service’s work plan for 2023 and the strategic plan of the Internal Audit Service for the period 2023 to 2025, and conducted interviews with the head of the ISA and its employees in the absence of the Management Board;

- it periodically monitored the risk management system, the functioning of internal controls, compliance, reports on lawsuits, reports on external supervision proceedings and reports on suspected breaches of corporate integrity;
- in accordance with the Guidelines for Ensuring the Independence of the Auditor of the Annual Report and Financial Statements of the Telekom Slovenije Group and Telekom Slovenije, which define the methods and procedures for monitoring the independence and impartiality of the auditor, as well as protective measures, the selection of the auditor and procedures for non-audit services:
 - it discussed all transactions with audit firms and assessed the independence of the certified auditor of the annual report and financial statements of the Telekom Slovenije Group and Telekom Slovenije;
 - it monitored and assessed the quality of the work of the certified auditor for 2021; and
- it performed the tasks of the audit committee at the subsidiaries Soline and Avtenta in accordance with the resolution of Telekom Slovenije’s Supervisory Board.

The Director of the Telekom Slovenije’s Internal Audit Service was invited to all sessions of the Audit Committee. The Audit Committee also invited the appointed external auditor to sessions at which quarterly reports on the operations of Telekom Slovenije and the Telekom Slovenije Group were discussed.

With the aim of implementing continuous improvements and ensuring the quality of its work, the Audit Committee performed a self-assessment of its work in March 2022 and discussed potential improvements. It notified the Supervisory Board about the aforementioned self-assessment and proposed improvements.

The **HR Committee** met at 12 regular sessions. Significant activities of the HR Committee included:

- o procedures for appointing the President and members of the Management Board; and
- o the discussion of the objectives of Management Board members for 2022, and the methodology for calculating the performance factor and criteria in connection with the right of Management Board members to the variable component of wages for 2021.

The HR Committee’s members were as follows as at 31 December 2022:

- o Mateja Čuk Orel, MSc [chair]
- o Marko Boštjančič,
- o Žiga Debeljak, MSc,
- o Drago Kijevčanin, and
- o Karla Pinter, MSc.

Radovan Cerjak chaired the HR Committee until 9 September 2022. Mateja Čuk Orel, MSc became chair on 14 September 2022. At the same time, the Supervisory Board appointed Marko Boštjančič, Žiga Debeljak, MSc and Karla Pinter, MSc to the aforementioned committee. Information regarding the members of the HR Committee in 2022 is presented in the table detailing the members of the Supervisory Board on pages [50](#) to [51](#).

The **Marketing and Technology Committee** met at one session at which Telekom Slovenije’s Cyber Security Operation Centre was presented. All members of the Supervisory Board were invited to that session. The Strategy Committee did not meet in 2022.

The Marketing and Technology Committee and Strategy Committee were discontinued on 28 November 2022 due to the reconstitution of the Supervisory Board’s committees. The Supervisory Board also appointed the Business Development Committee, which did not meet in 2022.

Members of the Business Development Committee as at 31 December 2022:

- o Marko Boštjančič [chair],
- o Žiga Debeljak, MSc,
- o Karla Pinter, MSc,
- o Dušan Pišek,
- o Rok Pleteršek, and
- o Dr Janez Bešter, external member.

Information regarding the members of the Business Development Committee who were also members of the Supervisory Board in 2022 is presented in the table detailing the members of the Supervisory Board, while information regarding the external member of the Business Development Committee is presented in the table below.

Name	Committee	Gender	Nationality	Education	Year of birth	Professional profile	Membership in supervisory bodies of other companies
Dr Janez Bešter	Business Development Committee	Male	Slovenian	Holds a doctorate in telecommunications.	1955	Telecommunications and multimedia.	

ASSESSMENT OF THE WORK OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

The work of members of the Supervisory Board, including their work on committees, was professional and focused on the effective performance of their functions. Members of the Supervisory Board regularly attended sessions, were well-prepared for topics of discussion and put forth constructive proposals.

The Supervisory Board adopted competent decisions in accordance with its rules of procedure, the Company’s internal acts and legally prescribed powers on the basis of professionally prepared written and oral information provided by the Management Board. The work of the Supervisory Board was complemented, in terms of content, by the proposals made by its committees.

Based on the above-described continuous monitoring and supervision of the operations and management of Telekom Slovenije and Group companies during the 2022 financial year, and based on the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022, as compiled and submitted by the Management Board, the Supervisory Board assesses that the annual report and disclosures contained therein reflect the actual situation and position of Telekom Slovenije Group subsidiaries and Telekom Slovenije.

The Supervisory Board assesses that the Management Board of Telekom Slovenije successfully managed the Company’s transactions during the 2022 financial year and achieved established objectives, particularly taking into account operations in the highly competitive environment in which the parent company and subsidiaries operate.

SUPERVISORY BOARD REPORT ON THE VERIFICATION OF THE ANNUAL REPORT

The Supervisory Board discussed the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022. Based on its review of the annual report and financial statements [including the notes thereto], and its review of the Management Board’s proposal on the use of distributable profit and the certified auditor’s report, the Supervisory Board confirmed the audited annual report of the Telekom Slovenije Group and Telekom Slovenije, d.d. for 2022.

Pursuant to the third paragraph of Article 272 of the Companies Act [ZGD-1], Telekom Slovenije’s Management Board submitted the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022, together with the auditor’s report for 2022, immediately after compilation and the issuance of the auditor’s opinion. The annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022 was audited by the audit firm PricewaterhouseCoopers, d.o.o., which issued an unmodified opinion regarding the financial statements of the Telekom Slovenije Group and Telekom Slovenije. The Audit Committee of Telekom Slovenije’s Supervisory Board discussed the audited annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022 and found that the annual report was compiled in a timely, clear and transparent manner, and in accordance with the provisions of the Companies Act [ZGD-1], the applicable International Financial Reporting Standards, as adopted by the European Community, and other relevant legislation. The Audit Committee had no comments with respect to the annual report for 2022, and proposed that the Supervisory Board approve the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022 in accordance with Article 282 of the ZGD-1.

Based on the auditor’s opinion, the position of the Audit Committee, and data and disclosures in the annual report, Telekom Slovenije’s Supervisory Board assesses that the auditor performed its work independently and professionally in accordance with valid legislation and business practices, that the annual report was compiled, in all material aspects, in accordance with the requirements of the ZGD-1, and that the financial statements fairly present, in all material aspects, the assets and financial position of the Telekom Slovenije Group and Telekom Slovenije as at 31 December 2022, and their operating results and cash flows for the year then ended in accordance with the International Financial Reporting Standards, as adopted by the European Community. The Supervisory Board has no remarks regarding the

auditor’s report. It also has no comments regarding the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022 that would in any way inhibit its decision to approve that report.

Thus, in accordance with the third paragraph of Article 282 of the ZGD-1, the Supervisory Board of Telekom Slovenije hereby approves the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022. The Supervisory Board approved the annual report for 2022 by the prescribed deadline, i.e. within one month from its submission by the Company’s senior management.

When adopting the annual report, the Supervisory Board also took a position with regard to the corporate governance statement, which is included in the business report section of the annual report of the Telekom Slovenije Group and Telekom Slovenije for 2022, and assessed that they are a reflection of the actual governance of the Company in 2022.

REMUNERATION OF SUPERVISORY BOARD MEMBERS

Supervisory Board members are entitled to basic payment for performing their functions, attendance fees and additional payments for participation in Supervisory Board committees. Payments to members of the Supervisory Board are defined by a general meeting resolution and are in line with the remuneration policy for members of Telekom Slovenije, d.d.’s Management Board and Supervisory Board. Also set out in the resolution are maximum annual amounts of and eligibility criteria for the reimbursement of transportation expenses, daily allowances and costs of overnight stays. The amounts of payments made to members of the Supervisory Board are disclosed in the accounting report.

MANAGEMENT AND GOVERNANCE OF SUBSIDIARIES

Telekom Slovenije is the parent company of the Telekom Slovenije Group. It manages the operations of subsidiaries in the scope of corporate governance by defining subsidiaries’ strategic policies and operational objectives, and by monitoring the achievement of established objectives. The Telekom Slovenije Group’s strategy defines uniform corporate governance within the Group, which facilitates the optimisation of the operations of companies, and ensures the improved flow of information and the exploitation of synergies at the Group level.

Rules, criteria and mechanisms for managing and supervising Group companies are defined in the Telekom



Slovenije Group’s Corporate Governance Rules, in line with Telekom Slovenije’s Corporate Governance Policy.

Management and supervisory tasks are performed in accordance with Slovenian law and the applicable laws in the home countries of individual subsidiaries. Subsidiaries operate in accordance with local legislation, business cooperation agreements with Telekom Slovenije, and with internal rules and instructions adopted by the management of an individual subsidiary or the Management Board of the parent company.

The management and supervision of the operations of Telekom Slovenije Group companies is based on the following core principles:

- links with the Group’s strategy;
- governance in the form of management by objectives, where those objectives derive from the Group’s strategy;
- clearly defined roles [tasks, competences and responsibilities] of those responsible for the management and supervision of the Group; and
- simplicity and flexibility [the ability to adapt to changes in the organisation and operations of the Group].

COMPOSITION OF MANAGEMENT AND GOVERNANCE BODIES AT SUBSIDIARIES OF THE TELEKOM SLOVENIJE GROUP

SLOVENIA	OTHER COUNTRIES
<p>GVO, d. o. o. Managing Director: Dr Zef Vučaj Supervisory Board: Vesna Prodnik, MSc [President of the Supervisory Board], Sabina Merhar and Helena Jakič Dr Mitja Štular was a member and President of the Supervisory Board until 13 November 2022.</p>	<p>IPKO Telecommunications LLC, Kosovo CEO: Tomaž Seljak, MSc</p>
<p>INFRATEL, d. o. o. Managing Director: Dr Zef Vučaj</p>	<p>SIOL, d.o.o. Zagreb, Croatia Managing Director: Simon Furlan, MSc</p>
<p>OPTIC-TEL, d. o. o. Managing Director: Dr Zef Vučaj</p>	<p>SIOL, d.o.o. Podgorica, Montenegro Managing Director: Simon Furlan, MSc</p>
<p>AVTENTA, d. o. o. Managing Director: Primož Kučič</p>	<p>SIOL, d.o.o. Sarajevo, Bosnia and Herzegovina Managing Director: mag. Simon Furlan</p>
<p>TSmedia, d. o. o. Managing Director: Igor Gajster Rajko Gerič was Managing Director until 21 October 2022. The function of Managing Director was performed by Irma Gubanec, MSc from 22 October 2022 to 14 December 2022.</p>	<p>SIOL, DOOEL Skopje, North Macedonia Managing Director: mag. Simon Furlan</p>
<p>SOLINE, d. o. o. Managing Director: Klavdij Godnič</p>	<p>SIOL DOO BELGRADE, Serbia Managing Director: mag. Simon Furlan</p>
<p>TSinpo, d. o. o. Direktorica: Sandra Peršak</p>	<p>SIOL Prishtina LLC, Kosovo Managing Director: mag. Simon Furlan</p>
	<p>GVO Telekommunikation GmbH, Germany Liquidator: Roman Mazi The company was headed by Managing Directors Borut Radi, Darko Gradišnik and Roman Mazi until 23 March 2022.</p>

5.4 OTHER EXPLANATIONS IN ACCORDANCE WITH THE COMPANIES ACT

Pursuant to the fifth paragraph of Article 70 of the Companies Act [ZGD-1], Telekom Slovenije hereby issues the following explanations:

Main features of internal control systems and risk management within the Group in connection with financial reporting procedures

Risk management and the system of internal controls represent integral elements of corporate governance within the Group. The established risk management framework is based on the identification, assessment, management, reporting on and monitoring of risks, with the aim of responding and mitigating exposure to risks in a timely manner.

In connection with the financial reporting process, the system of internal controls ensures the appropriate management of risks, the ethical operations of Group companies, precise, reliable, timely and complete accounting records, and true, fair and transparent external and internal financial reporting that is in accordance with the law, the adopted accounting framework and regulations, and the guidelines and policies of the Group.

Information support is provided for the accounting process. Internal controls are therefore built into the IT infrastructure, which comprises, *inter alia*, controls over restrictions on access to data and applications, and controls over access to data and applications as a way to control the accuracy and completeness of data capture and processing.

Established internal accounting controls are an integral part of the Group’s system of internal controls in the processes and organisational units of companies, and at all levels of operations. The Group strives to ensure an appropriate system of internal controls that includes:

- responsibilities for processes;
- competences and responsibilities for specific tasks;
- automated and manual controls in processes;
- accounting and business information systems at the parent company and subsidiaries;
- controls for the prevention of errors and risk management; and
- the adaptation of internal controls to legislation, standards, processes, organisational changes, findings from self-assessments of internal controls, findings from other reviews, recommendations of internal and external audits, and best practices.

The owners of internal controls are responsible for the consistent implementation of controls, the documentation of the functioning of internal controls and proposals for improvements. A report is drafted once a year on the self-assessment of internal controls at the parent company and subsidiaries to provide a comprehensive overview of the establishment and functioning of internal controls.

DATA AND EXPLANATIONS RELATED TO THE MERGERS AND ACQUISITIONS ACT

- **Share capital of Telekom Slovenije**
There were no changes to the structure of share capital in 2022. The value of Telekom Slovenije’s share capital is EUR 272,720,664.33 and is divided into 6,535,478 ordinary registered no-par-value shares. All shares constitute one class and are issued in dematerialised form. Each share represents the same stake and corresponding amount in share capital, while all shares have been paid up in full. Each share gives its holder the right to one vote at the General Meeting of Shareholders, a proportionate share of profits [payment of dividends] and a proportionate share of residual assets after the liquidation or bankruptcy of the Company. Shares are listed on the prime securities market of the Ljubljana Stock Exchange. Detailed information regarding shares and the ownership structure is presented in section [6. Share trading and ownership structure](#).
- **Restrictions on the transfer of shares**
All shares are freely transferable.
- **Qualifying holdings according to the Takeovers Act**
There were two holders of a qualifying holding as set out in the Takeovers Act as at 31 December 2022: the Republic of Slovenia with 4,087,569 shares or 62.54% of the issuer’s share capital and Kapitalska družba, d.d. with 365,175 shares or 5.59% of the issuer’s share capital.
- **Holders of securities that provide special controlling rights**
Telekom Slovenije has not issued securities that would provide special controlling rights.



- **Share scheme for shareholders**
Telekom Slovenije does not have a share scheme for shareholders.
- **Agreements between shareholders that might place limits on the transfer of securities or voting rights**
Telekom Slovenije is not aware of any such agreements.
- **Rules on the Appointment and Replacement of Members of Management and Supervisory Bodies**
The Supervisory Board appoints members of the Management Board in accordance with its legal powers and statutory provisions. To that end, it prudently and responsibly assesses the fulfilment of the required qualifications. In accordance with the above, the Supervisory Board also defined the candidate selection process, additional conditions that candidates must meet and procedures for determining the appropriateness of candidates in the Criteria and Procedures for Determining the Appropriateness of Candidates for Members of the Management Board.

The Supervisory Board formulated criteria and professional profiles for members of the Company's Supervisory Board [competence profile] in June 2016, taking into account the specific nature of the Company. Those criteria ceased to apply with the adoption of the Competence Profile for Members of the Supervisory Board of Telekom Slovenije, d.d. of 12 February 2020. That profile is publicly accessible on the Company's website.
- **Rules on Amendments to the Articles of Association**
Telekom Slovenije does not have any special rules governing changes to its Articles of Association. Changes to the Company's Articles of Association are made in accordance with the law and the Articles of Association themselves.
- **Special agreements that come into effect, are amended or terminated on the basis of a change in control at the Company as the result of a bid as defined by the act governing mergers and acquisitions**
Telekom Slovenije is not aware of any such agreements.
- **Agreements concluded between the Company and the members of its management or supervisory body or employees that envisage compensation if they resign or are laid off without justification in the event of a bid as set out in the act governing mergers and acquisitions or if their employment is terminated**
Telekom Slovenije has no such agreements in accordance with the Takeovers Act.

Telekom Slovenije constantly strives to improve corporate governance practices in its operations, including proactive corporate communication with various stakeholders. The Company communicates in the manner set out in Telekom Slovenije, d.d.'s Corporate Governance Policy, the Communications Strategy of Telekom Slovenije, d.d. and the Policy on Communication with the Shareholders of Telekom Slovenije, d.d.

With the listing of its shares on the prime market of the Ljubljana Stock Exchange, the Company undertook to comply with the relevant reporting standards. Telekom Slovenije once again provided investors with high-quality, timely, relevant and reliable information in 2022.

With the aim of ensuring that Telekom Slovenije Group companies and employees comply with the law, other rules, applicable recommendations and bylaws, the Telekom Slovenije Group's Compliance Management Policy defines the purpose and objectives of compliance management, an integrity plan and powers and responsibilities.

The compliance management system facilitates the identification of risks and the implementation of measures to manage those risks. Playing an important role in that framework are preventive actions, and rapid and effective measures in the event of identified breaches. For more information, see section [8.1.2 Compliance, competition protection and auditing](#).

Telekom Slovenije will continue to strive in the future to comply with and introduce the highest standards and best practices in the area of corporate governance, both at the parent company and at other Telekom Slovenije Group companies.

5.5 STATEMENT OF RESPONSIBILITY OF THE MANAGEMENT BOARD

The members of the Management Board of Telekom Slovenije, d.d. responsible for compiling the annual report hereby confirm the financial statements of Telekom Slovenije, d.d. and the Telekom Slovenije Group for the year ending 31 December 2022, as well as the accounting policies applied and the notes to the financial statements.

The members of the Management Board of Telekom Slovenije, d.d. hereby find that:

- to the best of our knowledge, the annual report of the Telekom Slovenije Group and Telekom Slovenije, d. d. for 2022 and all its constituent parts, including the corporate governance statement and the statement regarding non-financial operations, have been compiled and published in accordance with valid legislation and the International Financial Reporting Standards as adopted by the EU;
- the accounting report and accompanying notes have been compiled in accordance with the relevant financial reporting framework, and provide a true and fair picture of the assets, liabilities, financial position and operating results of Telekom Slovenije, d.d. and the Telekom Slovenije Group as a whole;
- the selected accounting policies were applied consistently in the compilation of the financial statements and any changes to the policies were disclosed, and that accounting estimates were made fairly and with careful consideration, according to the principle of prudence and the diligence of a good

- manager, and under the assumption that Telekom Slovenije, d.d. and the Telekom Slovenije Group are going concerns; and
- the business report includes a fair presentation of the development and operating results of the Company and of its financial position, together with a description of the principal types of risk to which Telekom Slovenije, d.d. and the Telekom Slovenije Group as a whole are exposed.

The Management Board is also responsible for taking appropriate measures to secure assets, and for preventing and detecting fraud and other irregularities and unlawful acts.

The tax authorities may, at any time within five years following the year for which tax was levied, audit companies' operations, which can result in an additional tax liability. The Management Board is not aware of any circumstances that could give rise to any significant liability on this account.



Boštjan Košak,
President of the
Management Board

**Boštjan Škufca
Zaveršek, MSc,**
Vice-President of the
Management Board

Irma Gubanec, MSc,
Member of the
Management Board

Vesna Prodnik, MSc
Member of the
Management Board

Špela Fortin,
Member of
Management Board –
Workers Director



6

SHARE TRADING AND OWNERSHIP STRUCTURE²¹

GENERAL DATA ON TELEKOM SLOVENIJE, D.D. SHARES AS AT 31 DECEMBER 2022

General information regarding shares	
Ticker symbol	TLSG
ISIN	SI0031104290
Listing	Ljubljana Stock Exchange, prime market
Share capital [EUR]	272,720,664.33
Number of ordinary registered no-par value shares	6,535,478
Number of shares held in treasury	36,836
Number of shareholders as at 31 December 2022	8,458

TRADING IN TLSG SHARES IN 2022

The shares of Telekom Slovenije are listed on the prime securities market of the Ljubljana Stock Exchange under the ticker symbol TLSG. The shares are included in the SBITOP and SBITOP TR share indices, and accounted for 4.04% of those indices according to the quarterly review of computational parameters conducted on 19 December 2022. The SBITOP and SBITOP TR are the Slovenian ‘blue chip’ indices that provide information regarding the movement of the most liquid and largest shares on the Ljubljana Stock Exchange. In contrast to the SBITOP, the SBITOP TR takes into account both market prices and dividends in its calculation. TLSG shares are also included in the ADRIAprime share index, which is a composite index of selected companies listed on the prime markets of the Ljubljana Stock Exchange and Zagreb Stock Exchange. This is also a total return index that takes into account both changes in share prices and dividend yield.

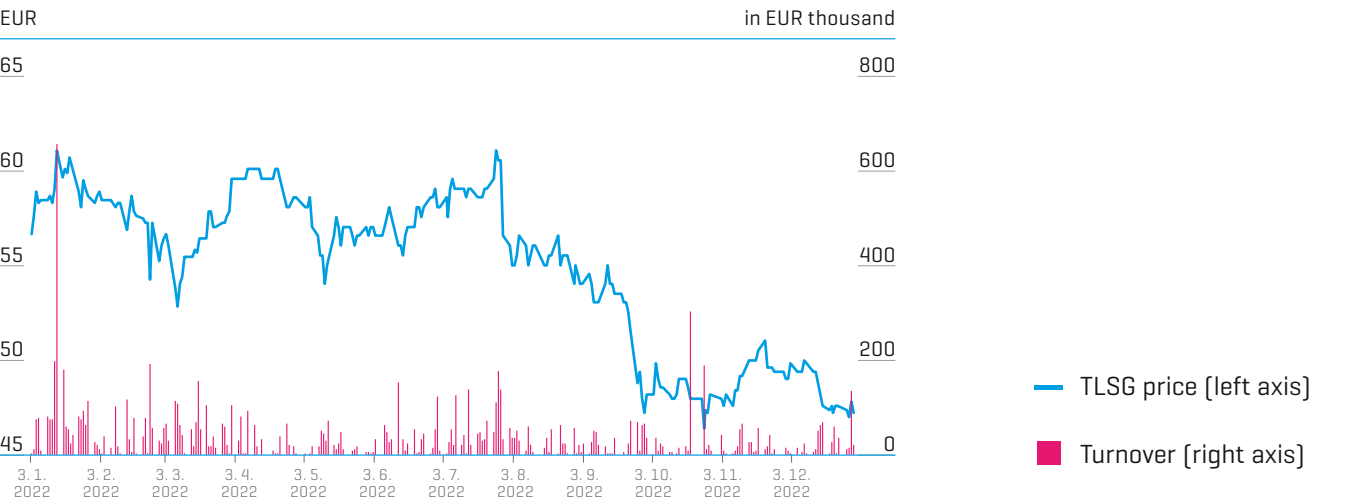
The price of TLSG shares closed at EUR 47.20 on the last trading day of 2022, a year-on-year decrease in value of 16.01%. The value of the SBITOP was down by 16.89% during the same period. Turnover in Telekom Slovenije’s shares (excluding block trades) totalled EUR 10.18 million, representing 2.64% of total turnover on the Ljubljana Stock Exchange. The market capitalisation of Telekom Slovenije’s shares stood at EUR 308.47 million at the end of the year, and accounted for 4.04% of the market capitalisation of all shares on the stock exchange.

TRADING STATISTICS FOR TLSG SHARES ON THE LJUBLJANA STOCK EXCHANGE

Standard price in EUR	2022	2021
Highest daily price	61.00	64.60
Lowest daily price	46.40	44.00
Average daily price	54.83	54.37
Volume in EUR thousand	2022	2021
Total volume for the year	10,180.02	12,892.90
Highest daily volume	653.46	558.10
Lowest daily volume	0.00	0.00
Average daily volume	40.56	51.16

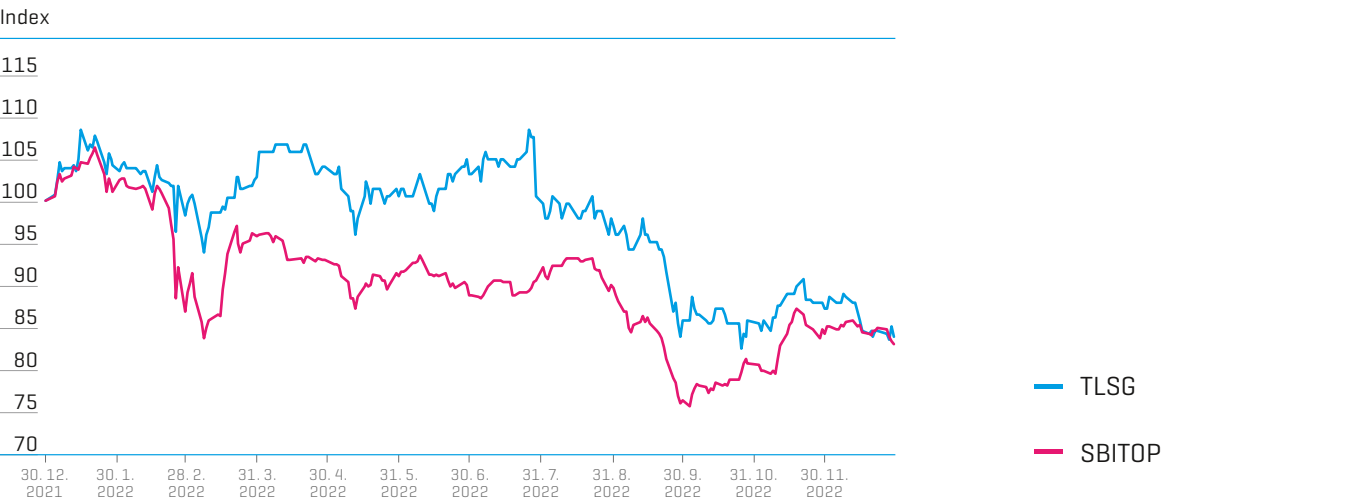
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Movement in the share price and volume of trading in TLSG shares



Source: Ljubljana Stock Exchange, archive of data.

Movement in the TLSG share price compared to the SBITOP (index: 31 December 2021 = 100)



Source: Ljubljana Stock Exchange, archive of data.

KEY FINANCIAL DATA RELATING TO TLSG SHARES

	31 December 2022	31 December 2021
Closing price of one share on the last trading day of the period in EUR	47.20	56.20
Book value of one share in EUR*	93.59	91.87
Net earnings per share in EUR**	5.77	5.82
P/BV	0.50	0.61
Capital return per share during the period in %***	-16.01	28.90

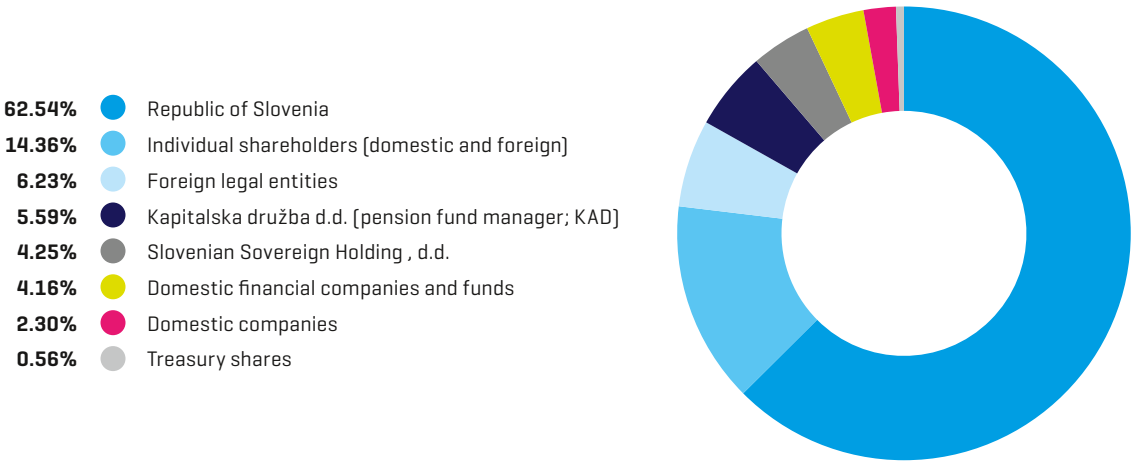
* The book value of one share is calculated as the ratio of the book value of the Telekom Slovenije Group’s equity on the last day of the period to the number of issued ordinary shares.
** Net earnings per share is calculated as the ratio of the Telekom Slovenije Group’s net operating profit for the accounting period to the average number of issued ordinary shares, excluding treasury shares.
*** The capital return per share is calculated as follows (share price on the final trading day of the period – share price on the final trading day of the previous period) / share price on the final trading day of the previous period.



OWNERSHIP STRUCTURE AND LARGEST SHAREHOLDERS AT THE END OF 2022²²

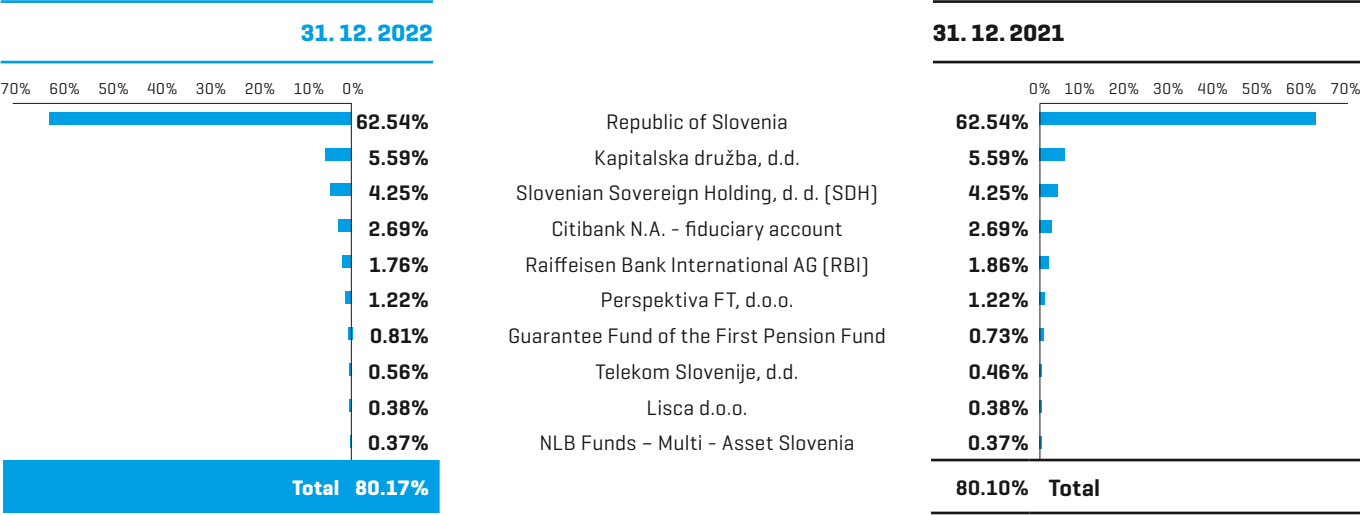
Telekom Slovenije had 8,458 shareholders at the end of 2022, a decrease of 124 relative to the previous year. Domestic investors are predominant in the ownership structure, with the Republic of Slovenia holding a 62.54% stake in the Company.

Ownership structure of shareholders at the end of 2022



The concentration of ownership, as measured by the ownership stake held by the ten largest shareholders, stood at 80.17% at the end of the year, an increase of 0.07 percentage points in year-on-year terms. The order of the top ten owners was unchanged.

Ten largest shareholders



SHARES HELD BY THE MANAGEMENT BOARD AND SUPERVISORY BOARD OF TELEKOM SLOVENIJE

Members of the Management Board and Supervisory Board held 398 TLSG shares at the end of 2022.

Name	Office	Number of shares	% of equity
Supervisory Board			
Aleksander Igličar, MSc	Member of the Supervisory Board	150	0.00230
Drago Kijevčanin	Vice-President of the Supervisory Board	212	0.00324
Dušan Pišek	Member of the Supervisory Board	36	0.00055
Total Management Board and Supervisory Board		398	0.00609

Trading in corporate shares by representatives of the Company and reporting on such transactions are governed at Telekom Slovenije by the applicable legislation and the Rules Restricting Trading in the Shares of Telekom Slovenije.

INVESTOR RELATIONS²³

In the area of investor relations, we adhere to the principles of equal treatment, transparency, timeliness and the accuracy of information. We communicate regularly and comprehensively with existing and potential shareholders, and other interested parties. The transparency of operations is achieved by taking into account the criteria and standards that apply to the issuers of shares on the prime market. The Company communicates with interested domestic and foreign investors and analysts at individual meetings and investor conferences, and via conference calls and email [ir@telekom.si and skupscina@telekom.si].

Shareholders may send proposals and suggestions via the investor relations email [ir@telekom.si]. In addition to regular communication, we carried out the following activities in 2022:

- we sent the TLSG electronic newsletter to registered domestic and foreign recipients quarterly following the publication of operating results. The electronic newsletter included a selection of the most important news for a specific period, supported by actual data regarding operations;
- we attended two meetings with investors; and
- we organised two General Meetings of Shareholders.

We regularly publish price-sensitive and other important information on the website in the Investor relations section and in the Ljubljana Stock Exchange’s SEOnet system. A total of 44 press releases were issued in 2022, with simultaneous publication in Slovene and English.

FINANCIAL CALENDAR

The financial calendar for 2022 is published in the Ljubljana Stock Exchange’s SEOnet system and on the Company’s

website [<https://www.telekom.si/en/investor-relations/financial-calendar>]. Potential changes to the financial calendar are published in the same place.

DIVIDEND POLICY

The goal of Telekom Slovenije’s dividend policy is to pay stable dividends taking into account available sources and the Company’s financial capacities. That policy also considers the achievement of the optimal structure of capital.

At the 34th General Meeting of Shareholders, shareholders adopted a resolution on the use of distributable profit for 2021. The Company paid shareholders gross dividends of EUR 4.50 per share on 2 August 2022. In accordance with the Common European Standards for Corporate Actions, dividend payments are carried out via KDD and its members, brokerage firms and banks.

TREASURY SHARES

The Company’s 33rd General Meeting of Shareholders held on 18 June 2021 authorised the Management Board to acquire treasury shares for a period of 12 months. In accordance with the treasury share repurchase programme adopted on 4 November 2021, the Company repurchased 6,836 treasury shares in 2022, representing 0.10% of all issued shares. The value of those shares, including the associated purchase costs, was EUR 394,200.72. The Company held 36,836 treasury shares on the final day of 2022, representing 0.56% of all issued shares.

The 34th General Meeting of Shareholders did not adopt a resolution authorising the Management Board to acquire treasury shares for the next 36 months.

You can also subscribe to TSLG News through our website www.telekom.si.

#CONNECTED
#CONNECTED
#CONNECTEDOPERATIONS
IN 2022# CONNECTED
WE PROMOTE
DEVELOPMENT

Our ambition to offer users only the best requires us to be a step ahead of others at all times. We are strengthening our position as the leading provider of the most advanced ICT services and solutions by creating a support environment for the development of entrepreneurship and society as a whole. We are promoting digitalisation in agriculture, the energy sector, logistics, transport, healthcare, education and other key areas. By developing innovative solutions, we are simplifying mobile payments, facilitating the voice control of content and ensuring safe living for the elderly in their own homes. Above all, we are creating an environment that empowers and energises individuals and entrepreneurs, society and the economy.





7

OPERATIONS OF THE TELEKOM SLOVENIJE GROUP IN 2022

7.1

BUSINESS ENVIRONMENT AND TRENDS IN THE SECTOR

7.1.1

IMPACT OF THE MACROECONOMIC ENVIRONMENT ON OPERATIONS

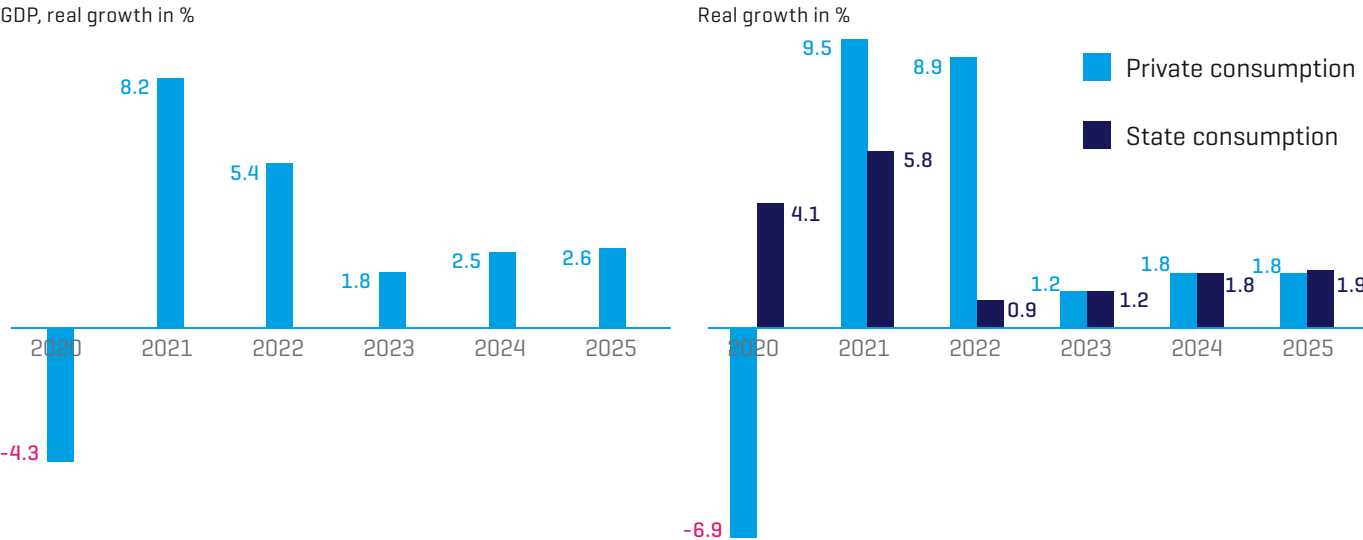
SLOVENIA

GDO was up by 5.4% in real terms in 2022, with that growth deriving primarily from the recovery following the epidemic, and was highest during the first half of the year [9.4% in year-on-year terms]. Year-on-year growth slowed significantly during the second half of the year [to 1.7%] as the result of uncertainty in the international environment due to the energy crisis and the consequences of the war in Ukraine. There is less uncertainty in the international environment regarding the supply of energy and changes in the prices thereof, and a gradual improvement in outlooks. Also encouraging was GDP growth in the final quarter of 2022, which was slightly higher than expected in Slovenia and the euro area, primarily as a reflection of the resilience of economies and the effects of agreements and measures adopted to mitigate the impact of the energy crisis on confidence indicators, and the easing of energy prices.

The spring 2023 forecast of the Institute of Macroeconomic Analysis and Development envisages a sharp decline in economic growth [to 1.8%] and slightly higher GDP growth in the coming years [2.5% in 2024 and 2.6% in 2025].

Uncertainty in the international environment has eased, but remains elevated and is linked primarily to the course of the war in Ukraine and conditions on the energy markets. The risk of lower economic growth is also linked to the potential persistence of high inflation. There are also other increased risks at the global level in connection with economic activity in China, the impacts of climate change, social unrest in the context of high energy and food prices, and geopolitical and pandemic-related conditions.

Key macroeconomic indicators in Slovenia



Source: SURS, BS, ECB, EIA, Eurostat, UMAR calculations and forecasts (Spring Forecast of Economic Trends, March 2023).

KOSOVO

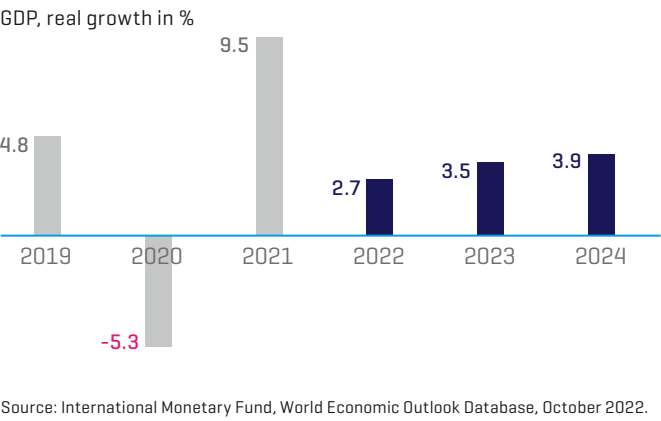
The prices of telecommunication services in Kosovo, where IPKO operates, are considerably lower than in Slovenia. The reason lies in low GDP per capita, which is seven times lower than Slovenia, and high unemployment. The economy remains dependent on economic and employment developments in Western Europe, and on foreign direct investments.

The economy in Kosovo recovered following the COVID-19 pandemic, supported by private consumption, record growth in exports, a sharp increase in the number of visits by expatriates, strong growth in lending and substantial fiscal stimulus. As the economy recovered, the fiscal balance improved and growth in public debt slowed. The recovery was also accompanied by extremely high inflationary prices, primarily due to rising import prices.

The long-term effects of external pressures could further weaken economic opportunities in Kosovo. Structural bottlenecks, such as outdated power generation capacities,

add to the uncertainty. GDP was up by 3.26% in real terms in the third quarter of 2022 relative to the same quarter in 2021 [source: Kosovo Agency of Statistics]. Existing private investments, accelerated public investments and consumption are expected to drive growth.

Gross domestic product in Kosovo



Source: International Monetary Fund, World Economic Outlook Database, October 2022.

MARKET SITUATION AND CHALLENGES IN THE EUROPEAN TELECOMMUNICATIONS SECTOR

Where will the highest revenue growth be recorded?

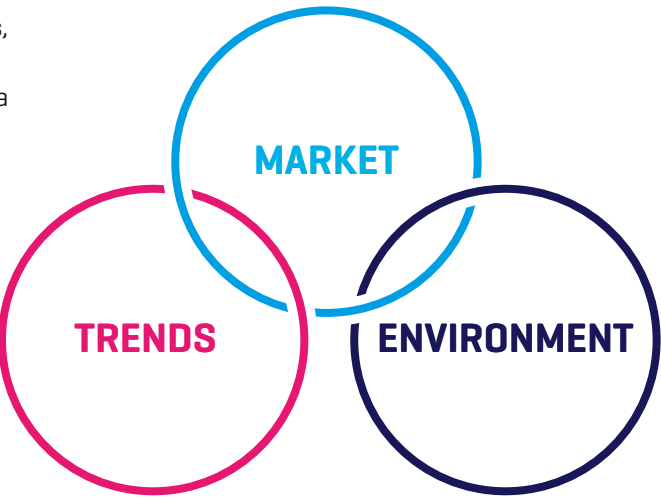
The highest revenue growth will be recorded by mobile services, IoT solutions, value-added mobile services (content and other value-added services) and ICT services, followed by mobile data transfer and fixed broadband access with IPTV.

What are the main changes in users' habits?

5G, fibre optics, gigabit speeds, fixed-mobile convergence, digitalisation, personalisation, artificial intelligence, Internet of Things, smart cities, smart homes, cloud services [SaaS, IaaS, etc.], security/cyber security, co-location, unified communications, OTT-video services (video via the internet).

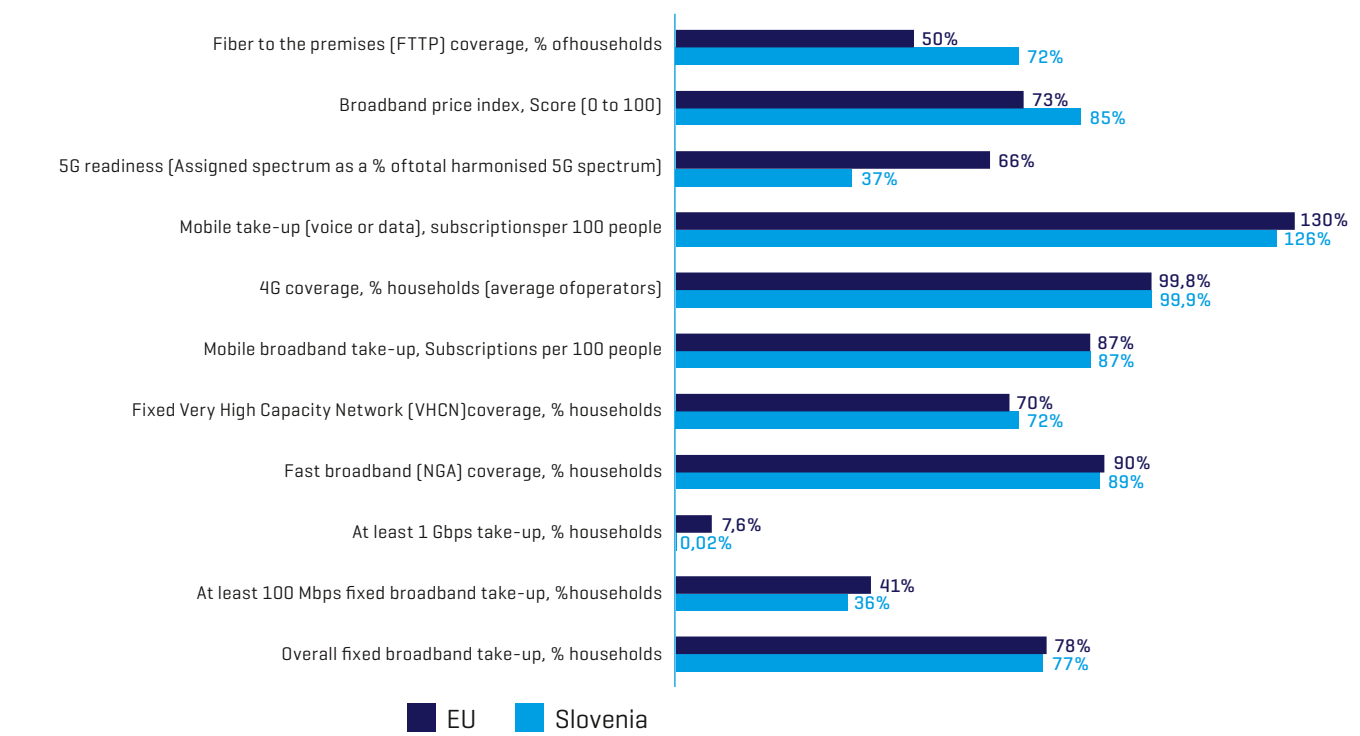
What changed in the environment in the last year?

Inflation and increased price sensitivity; disruptions in supply chains.



7.1.2

COMPARISON OF THE SLOVENIAN TELECOMMUNICATIONS SECTOR WITH THE EU



Source: European Commission, Digital Economy and Society Index, DESI 2022, Slovenia; AKOS – Household penetration rate of active mobile telephony users in third quarter of 2022 (source for EU: Analysys Mason, average for Western, Central and Eastern Europe for 2022).

FIXED BROADBAND ACCESS MARKET

Coverage by the very high-capacity fixed network is higher in **Slovenia** than the EU average, and rose even further in 2021 (from 66% to 72%). Challenges remain in rural regions where the proportion of households covered by the very high-capacity fixed network is 46%.

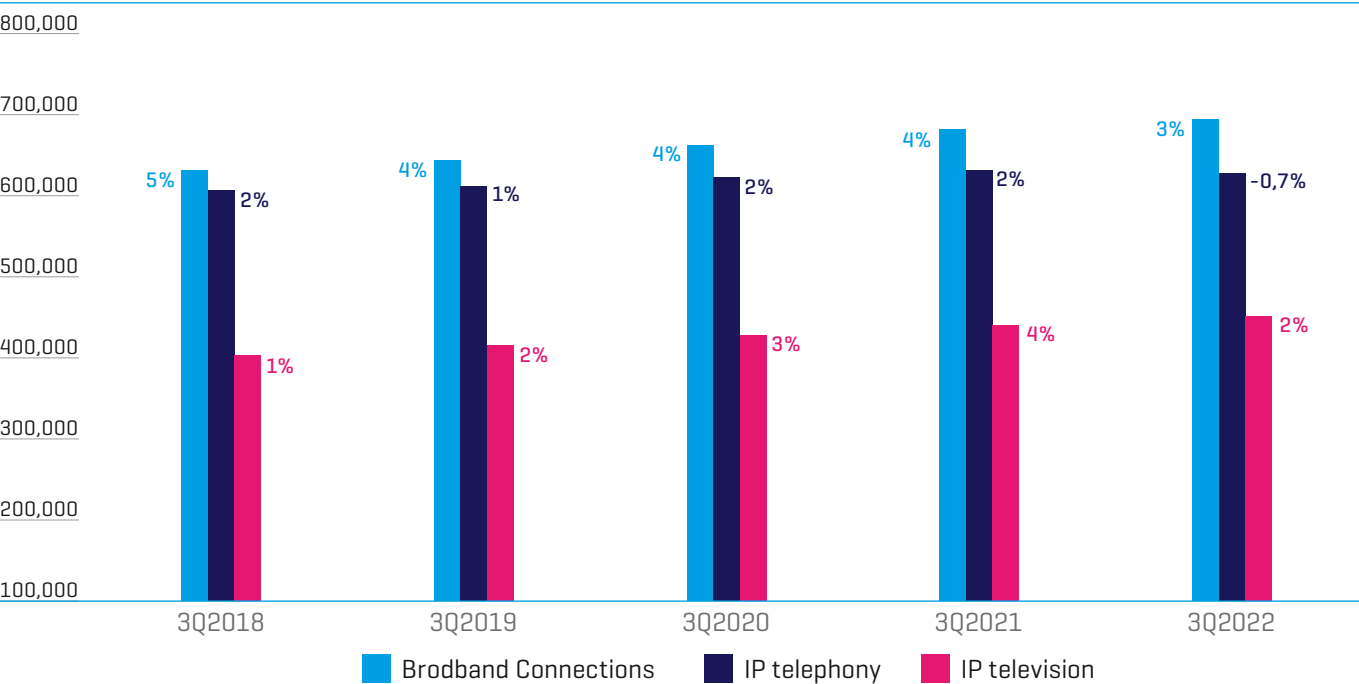
The penetration of broadband connection with a speed of at least 100 Mb/s has increased in Slovenia (from 29% of households to 36% in 2021), but remains lower than the EU average. A total of 89% of Slovenian households are covered by high-speed next-generation networks, which is one percentage point lower than the EU average.

The fixed broadband connection network is growing slowly in Slovenia. IPTV continues to achieve growth, which is otherwise slowing, while IP telephony (VoIP) records the lowest growth.



A total of **72% of households in Slovenia** access the internet via the fibre optic network (figures for 2022) compared with 50% of EU households. FTTX connections accounted for 51.4% of all broadband connections in Slovenia in the third quarter of 2022.

Growth in fixed broadband connections in Slovenia



Source: AKOS, SURS (third quarter of 2022).

PAY TV MARKET

According to the forecasts of analysts at Analysys Mason, **IPTV** connections will continue to rise, both in terms of number and value. The number of cable TV users will continue to fall in that context, while OTT services (video content via the internet) will become as popular as IPTV by 2026.



IPTV accounts for 58.8% of all TV connections in Slovenia and continues to grow. It is followed by cable TV (36.1%), where the number of connections has stagnated (third quarter of 2022; source: AKOS). At 40.9% (third quarter of 2022), **Telekom Slovenije holds the highest share of the IPTV market** (source: AKOS).

FIXED TELEPHONY MARKET

According to the forecasts of analysts at Analysys Mason, the **fixed telephony** market in Western Europe will contract at an annual rate of 6.5% (CAGR) to EUR 18.7 billion in revenues by 2026 (from EUR 28.1 billion in 2020).



The proportion of IP telephony connections stood at 90.4% in Slovenia at the end of the third quarter of 2022. **That proportion is rising, albeit more slowly than in previous years.**



MOBILE SERVICES MARKET

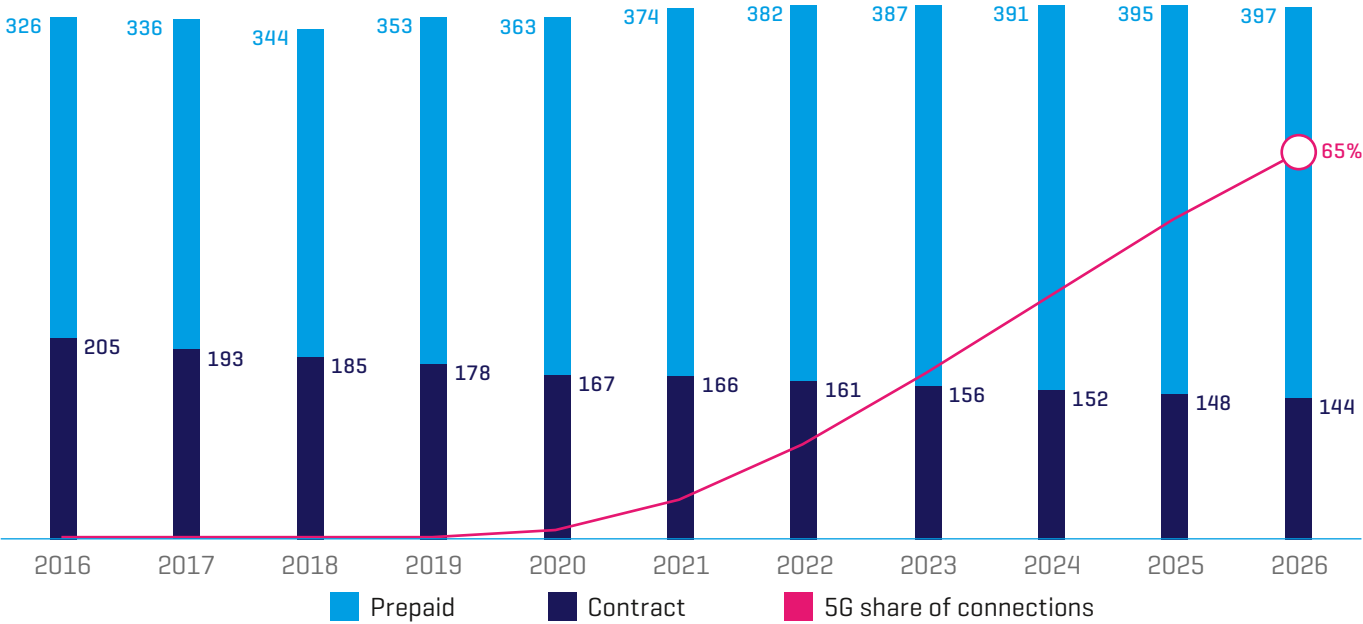
The mobile broadband internet access market continues to be one of the fastest growing in Europe. Users primarily use mobile access on mobile phone, followed by tablets and laptop computers. European households primarily use fixed technologies to access the internet at home, while an increasing number are also opting for mobile internet services.



The household mobile broadband access penetration rate stood at 96.3% in Slovenia in the third quarter of 2022 and will continue to rise.

In the **mobile segment**, Slovenia's per capita penetration rate of active mobile telephony users is lower than the EU average [126.2% in the third quarter of 2022]. According Analysys Mason, coverage and use of the 5G network will grow in **Western Europe** until 2026. A total of 65% of mobile connections will use 5G technology by 2026. Average revenue per user (ARPU) will remain largely unchanged (EUR 16 on average), as operators will have difficulty selling 5G services at higher prices. The prepaid segment will account for 27% of mobile connections and 13% of mobile revenue in Western Europe until 2026, and will continue to be an important element of the mobile market.

Mobile connection with regard to type of subscription and proportion of 5G connections, Western Europe (in EUR million), 2016–2026



Source: Analysys Mason – Western Europe telecoms market: trends and forecasts 2021–2026, February 2022, based on data up to 3Q 2021..

B2B MARKET²⁴

Operator revenues from ICT services, which include security, unified communications, co-locations and cloud services, such as SaaS in IaaS, will increase at an annual rate of 8.5% (CAGR) between 2021 and 2026 in **Western Europe**, to EUR 19.9 billion (source: Analysys Mason). The uptake of these services by companies is growing rapidly and was accelerated by the COVID-19 pandemic, which in turn has increased the need for digital transformation. Revenues from ICT services are expected to rise sharply by 2026.

Operator revenues from dedicated connections will rise slightly between 2021 and 2026, from EUR 15.9 billion in 2021 to EUR 16.1 billion in 2026. Demand for bandwidth per connection is rising due to the intensifying migration of business applications to the cloud. However, revenue growth will be limited by price competition and the increased availability of alternative solutions, which are based on high-quality broadband services, together with other software-supported network services.

The number of **IoT** connections will rise at an annual rate of 21.6% (CAGR) between 2020 and 2026. There will be more than 6.9 million 5G IoT connections by 2025, the majority from the automotive sector. This will not, however, translate to significant growth in operator revenues.

Total revenues from the IoT value chain will rise at a rate of 12.6% (CAGR) between 2020 and 2026, but the proportion

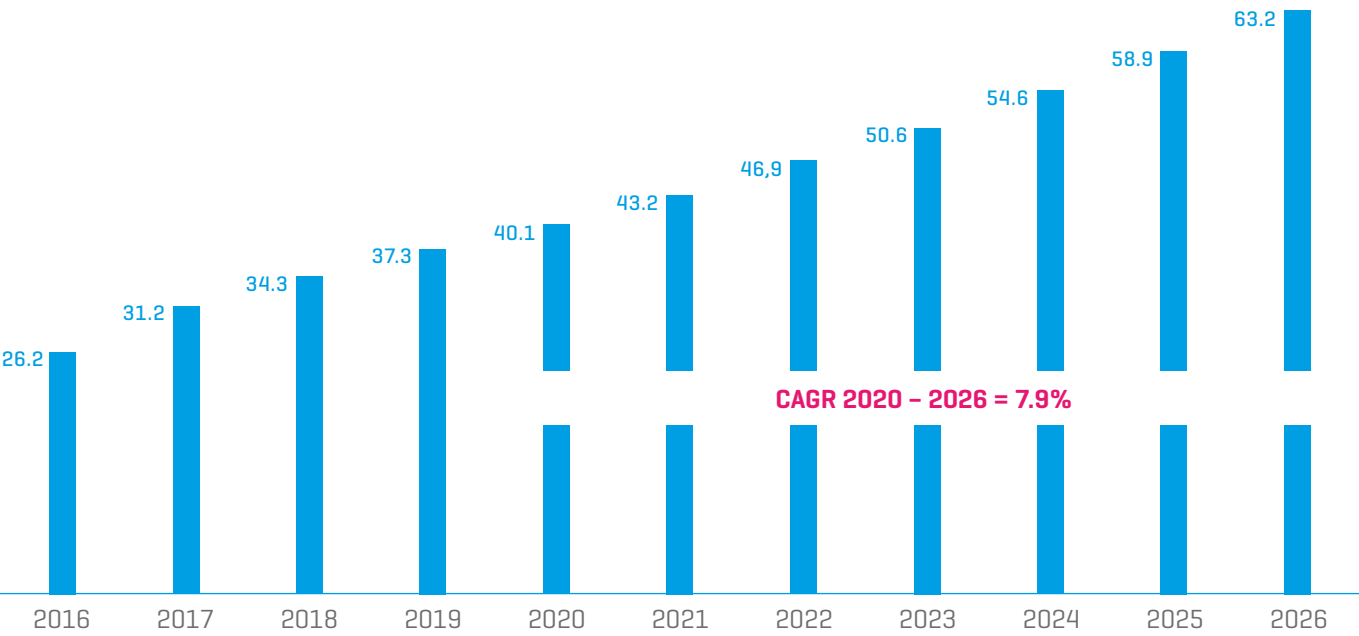
of connection revenues that they account will fall. Total revenues from the wireless IoT value chain will reach almost EUR 30 billion in Western Europe in 2026. However, the connectivity services offered by operators will continue to account for a small proportion of total revenues due to stiff competition on the IoT connection market.

Revenues from ICT services will rise by 7.9% (CAGR) in **Slovenia** by 2026. Having a significant impact on that growth will be an increase in the number of IoT connections [14% CAGR]. Nevertheless, IoT connections will account for just 2.6% of revenues in the mobile segment in 2026.



The Telekom Slovenije Group sees opportunities for growth in revenues from ICT services in the development of the existing superior LTE/4G network and in the opportunities brought by fifth generation (5G) mobile networks. The latter facilitates the development of smart industry and smart cities, as well as the introduction of virtual campus networks, which in turn will enable the continued digitalisation of various verticals, such as energy, transportation, logistics, industry, smart cities, healthcare, and protection and rescue (public safety). Intensive activities are being carried out to upgrade networks and develop services. More information can be found in section [8.1.1 Development of the network, technologies and services](#).

Revenues from ICT services, forecast for Slovenia, in EUR million



Source: Analysys Mason – Central and Eastern Europe telecoms market: trends and forecasts 2021–2026, January 2022, based on data up to 2Q 2021.

7.2 RISK MANAGEMENT

The identification and management of risks are an integral part of our business processes and decisions, and are crucial for achieving established objectives and exploiting opportunities.

Risk management also includes the management of opportunities, the self-assessment of internal controls and various risk assessment models. We continuously maintain and upgrade our comprehensive approach to the management of risks and opportunities, which reflects the structure and culture of the Company. We raise employee awareness for the effective identification and assessment of risks, and the management thereof through the appropriate measures. We also brief other stakeholders about significant risks.

RISK MANAGEMENT FRAMEWORK

We define risks as potential events that could have an adverse effect on the achievement of our objectives, while opportunities are potential events with a positive impact on the Company's ability to achieve its objectives.

That framework, which includes a three-line model of defence and the risk management process, is integrated at all Group companies. The risk management process is developed and coordinated by the organisational unit responsible for compliance and risk management. We ensure transparent and effective communication about risk management through the definition of duties, powers and responsibilities.

We address risks individually, and assess various scenarios for the improved and more comprehensive understanding of the spectre of those risks. Every risk to which we are exposed is classified with regard to type of risk, for which we identify external and internal factors. The categories are:

- strategic risks,
- financial risks,
- operational risks, and
- regulatory and compliance-related risks.

We regularly monitor the effects of the external and internal environment, and assess new risks and their impact on existing risks on that basis. We carried out additional risk assessments in the area of sustainable operations and regarding the impact of the war in Ukraine.

Risks are subject to constant change. For this reason, risk owners not only monitor measures, but also the appropriateness and effectiveness of the existing risk management strategy. The Group also monitors exposure, which is calculated according to an internal methodology.

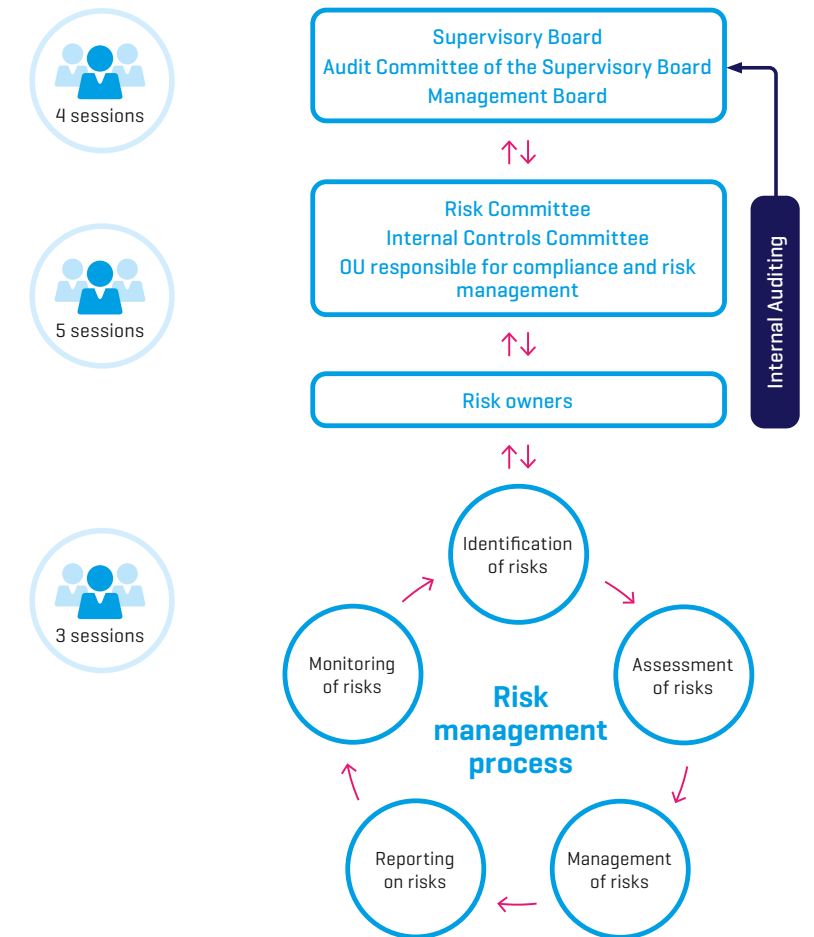
Representing an integral part of risk management is the review of key internal controls. The latter focus on the reliability and continuity of business processes, ensuring compliance via internal acts and regulations, the accuracy and reliability of financial reporting, and the protection of information and assets. The Group verifies the functioning and establishment of internal controls once a year in accordance with the methodology on the self-assessment of internal controls. The self-assessment of internal controls contributes to the more transparent identification of weaknesses and to more effective risk management.

In addition to its other tasks, the IAS reviews risk management at the Company in the scope of its audit activities. The Management Board is continuously briefed on the assessment of risks within the Group, and on findings from audits of operations by various assurance providers. It responds to assessments and findings appropriately through a range of measures to manage risks and ensure compliance. It reports to the Supervisory Board and the latter's committees regularly with regard to key risks, findings and adopted measures. The IAS reports in accordance with professional guidelines.

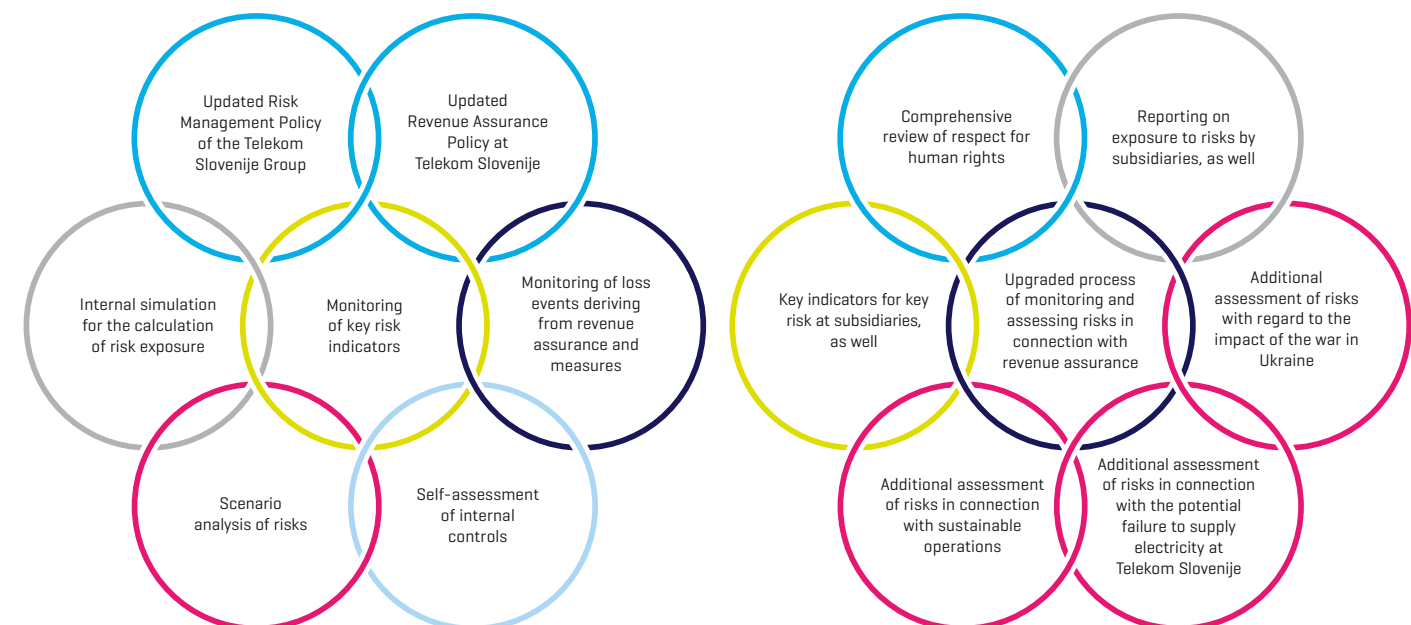
The risk officer reports on risks quarterly to the **Supervisory Board's Audit Committee** for both the parent company and subsidiaries.

The risk officer reports on key risks to the **Risk Committee**, which discusses exposure to risks, the implementation of measures and target levels of risk, as well as risk management documents. The committee meets quarterly and more frequently as required.

The risk management officer reports to the **Internal Controls Committee** regarding the self-assessment of internal controls within the Group. The committee also discusses key changes in internal controls.



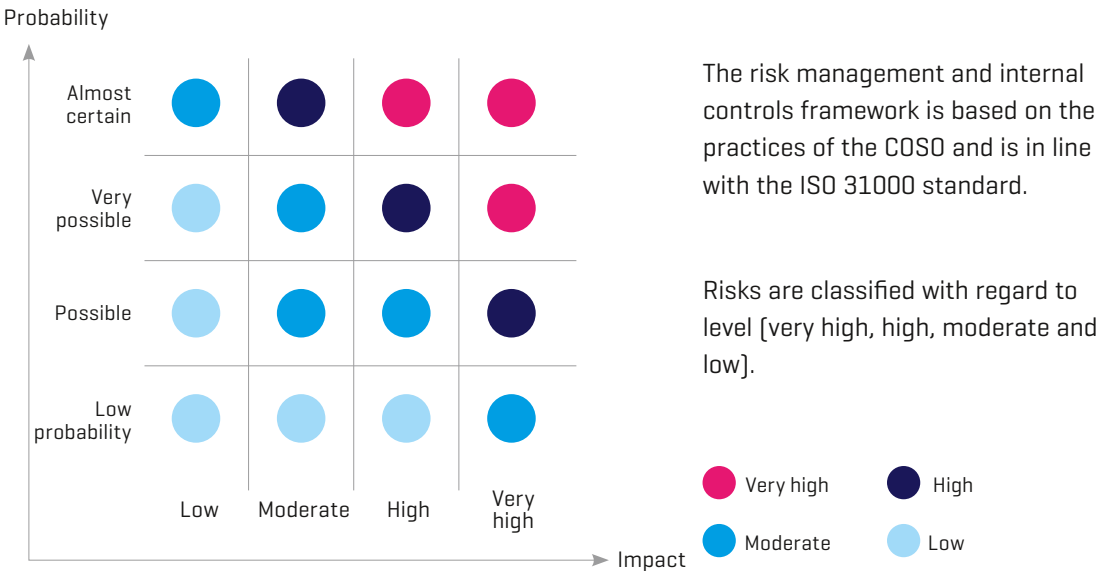
KEY HIGHLIGHTS AND DEVELOPMENTS FROM RISK MANAGEMENT IN 2022



RISK MANAGEMENT STRATEGIES

The risk environment is becoming increasingly complex. For this reason, we are continuously improving the risk identification and assessment process, complementing the risk profiling approach, expanding the range of scenarios for risk assessment, and assessing and monitoring opportunities. We will continue to dedicate special attention in the future to the culture of identifying and managing risks and opportunities.

RISKS WITHIN THE TELEKOM SLOVENIJE GROUP



Presented below are key risks during the final quarter of 2022, assessed for the next 12 months, and a comparison of their trend relative to the same period in 2021. The level of risk takes into account measures and internal controls.

Trends are indicated as follows:

- Assessed risk is unchanged
- Assessed risk is lower
- Assessed risk is higher

TELEKOM SLOVENIJE

Strategic risks

Characteristic of the Slovenian market are stiff competition, regulatory influences, the price sensitivity of users and the migration of voice traffic to OTT platforms. Users expect high-quality services at lower prices. The management of these risks requires a targeted market approach and the continuous introduction of innovations, the monitoring of trends and the expectations of users, and the management of regulatory requirements. We emphasise the high-quality and availability of services for all user segments, the continuous adaptation of business solutions and the portfolio, and the continuous introduction of the latest developments for individual groups and segments of users.

Risk	What is the risk?	What is the effect?	How is the risk managed?
Reduction in profitability from users of mobile and fixed services – mass market	Aggressive competition on the market of services, reduction of the general level of prices of services, rapid changes to the portfolio and unlimited packages. Loss of subscribers due to migrations between operators. Delays in digitalisation.	Loss of revenues. Lower margin. Loss of market share.	Competitive offer and programmes to maintain subscribers. Target-oriented approach by subscriber segment. Sales of additional services [software options, turbo Wi-Fi, etc.]. Product lifecycle management. Optimisation and digitalisation of processes for users. Cross-selling of mobile and fixed services.
Level of risk	Trend		Strategic objective
Drop in revenues due to regulatory obligations and diminishing profitability of services – wholesale market	New and/or additional regulatory obligations on regulated markets. Saturated wholesale services market, migration of voice traffic to OTT platforms, and ever-increasing competition in terms of services and the infrastructure.	Loss of revenues. Lower margin.	Active participation in market analysis and supervision processes by the regulator. Adaptation of the wholesale portfolio in accordance with regulatory obligations and the needs of the market. Competitive offer on the wholesale market. Conclusion of longer-term agreements with international operators and an agreed traffic volume. Expansion of roaming capacities.
Level of risk	Trend		Strategic objective
Reduced profitability of the ICT segment – B2B market	Aggressive competition with a range of alternative and innovative solutions, and the migration of users between operators. Price pressures. New technologies and price erosion. Integration of ICT services.	Loss of revenues. Lower margin.	Strategic partners for innovative solutions and activities in the sale of cyber security, IT support, eCare and telemedicine services, and comprehensive ICT solutions tailored to the needs of business customers. Simplification of processes and digitalisation programmes [digital communication with users, simple IT architecture and technology].
Level of risk	Trend		Strategic objective

Regulatory and compliance-related risks

In our operations, we comply with valid legislation, as well as the decisions and aspects of sectoral regulations and other competent bodies. We manage regulatory risks through organisational and procedural measures, through constructive dialogue, by putting forth opinions, comments and suggestions in public consultations regarding drafts of general and specific laws issued by the regulator, and by taking legal action against issued regulatory decisions, whenever that is justified.

On 31 March 2022, the AKOS published the regulatory predictability strategy on the electronic communications market for the period 2022 to 2024. On 28 September 2022, the National Assembly approved the new Electronic Communications Act [ZEKom-2], which transposed the European Electronic Communications Code [EECC]. The revised act and pending implementing regulations bring new requirements in the performance of the Company's

core activity and processes, which we have already begun to adapt and will continue adapting in 2023.

In contrast to the majority of areas that it governs, the ZEKom-2 has maintained existing arrangements in the area of personal data processing. The act governs the Company's core activity and, in addition to Regulation [EU] 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data [General Data Protection Regulation or GDPR] and the Personal Data Protection Act, is the key regulation covering the processing of personal data. Telekom Slovenije processes extensive collections of personal data relating to users, business partners, employees and other stakeholders. That processing brings risks that we assess and monitor, while we formulate the appropriate measures to manage those risks. In December 2022, the National Assembly also confirmed the new Personal Data Protection Act [ZVOP-2], which entered into force in 2023. In addition to the



final transposition of the GDPR, the ZVOP-2 brings additional requirements in the processing of personal data that we will integrate into operations. We also monitor the drafting of other regulations at the national and EU level, in particular new directive on privacy and electronic communications [e-privacy].

Risk	What is the risk?	What is the effect?	How is the risk managed?
Risk of regulatory pressures on the fixed and mobile electronic communications market	New models for setting prices and additional obligations for regulated services.	Higher costs and loss of revenues.	Active participation in market analyses, and in the adoption of new laws and other acts. Appropriate implementation of issued regulatory decisions and regulatory compliance. Monitoring of changes in the EU regulatory framework.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div></div></div>	<div>Strategic objective</div>
Compliance in the area of personal data protection	Breach of personal data protection.	Loss of users’ trust. Payment of fines. Claims for damages.	Monitoring of changes in the regulatory framework in Slovenia and the EU. Assessments of effects in the development of new services; response to incidents through the formulation of measures. Training of employees and authorised agents.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div></div></div>	<div>Strategic objective</div>

Financial risks

We regularly monitor changes in the financial environment and the different financial risks to which we are exposed in our operations. To that end, we balance the optimal source of financing, ensure the appropriate maturities and diversification of financial debt, and the appropriate structure of debt bearing fixed and variable interest rates. We manage liquidity risk by managing and planning cash flows and optimising working capital, through short-term credit lines that are regularly rolled over with respect to needs, and through the use of liquid funds within the Group.

We manage credit risk through the active monitoring of the operations of subscribers and credit assessment thereof, and by limiting maximum allowable exposures. We further hedge against the risk of the deteriorating financial position of subscribers through credit insurance and by regularly monitoring the appropriateness thereof. Monitoring of the settlement of contractual obligations and the active recovery of past-due debt are elements of comprehensive credit risk management.

We manage risks in connection with rising interest rates by increasing the proportion of debt bearing a fixed interest rate.

Risk	What is the risk?	What is the effect?	How is the risk managed?
Optimal sources of financing	Increased need for cash for the payment of dividends. Inability to ensure a long-term stable dividend policy.	Deviations from optimal sources of financing. Additional needs for financing to pay dividends.	Timely provision of cash in the scope of commitments in loan agreements. Implementation of the dividend policy.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div></div></div>	<div>Strategic objective</div>
Subscriber credit risk	Increased proportion of past-due receivables.	Additional impairments of receivables. Write-offs of unrecoverable receivables.	Subscriber credit assessment, credit check process, obtaining credit insurance. Recovery of past-due receivables.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div></div></div>	<div>Strategic objective</div>
Interest rate risk	Unfavourable trends in market interest rates.	Higher finance costs due to interest.	Increased proportion of debt bearing fixed interest rates.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div></div></div>	<div>Strategic objective</div>

Operational risks

We dedicate a great deal of attention to the management of **operational risks in the area of ICT**, where complexity is increasing due to the development of new technologies and ICT services, the increasing expectations of users and regulatory requirements. We control those risks through the management and development of sub-systems, improvements in operational efficiency and processes, and the training of employees, all while supporting new business opportunities. Due to the development of the market and technologies, we continuously optimise the network, data centres and other technical infrastructure. The use of standard [cloud] building blocks in the network and information systems is increasing. In line with growth in traffic, we are continuing to upgrade the capacities of equipment and increasing the number of licences in the mobile network. Multiple activities are in progress to replace MPLS backbone communications equipment and upgrade the mobile packet network. Modern network technology [Software Defined Access or SDA], which already includes the ‘zero trust’ principle of cyber security and advanced user authentication and authorisation techniques, is being introduced at an accelerated rate in the internal business network. We are dedicating special attention to internal training in the area of information security and the spreading the security culture.

To ensure business continuity, we regularly assess and, as necessary, upgrade the topologies and capacities of the infrastructure and ICT services. The risks associated with the malfunctioning of connections and services provided for us by partners are managed by introducing processes to monitor and report on service-level agreements on leased networks, and by standardising requirements vis-à-vis network providers for newly leased networks. We update and increase capacities through redundancy in those network segments where we have identified increased functional and security-related risks. We also perform security checks and share knowledge and data regarding threats with European telecommunications operators, in particular with international cyber incident response teams.





We continuously develop systems for monitoring technologies and anomalies in the infrastructure and ICT services, and conduct internal and external penetration testing. We have in place the state-of-the-art Cyber Security Operation Centre that functions 24/7. We manage risks through the implementation of the security policy, by identifying security threats and vulnerabilities, and by spreading the security culture. We invest in the permanent development of capacities [people, processes and technologies] and thus improve resilience.

We continuously improve processes and mechanisms for ensuring the continuity of systems and applications, and are consolidating the BSS/OSS architecture and IT solutions for sales projects.






Due to conditions in the global markets, we are also facing higher prices of electricity and other energy sources. To that end, we are monitoring the situation and adapting electricity purchasing models, and making partial purchases of electricity. We actively work with government authorities and other institutions to ensure the continuous functioning of services.

We manage **procurement risks** through a centralised procurement function, a standard process for the implementation of procurement procedures and a methodology for assessing the risk of cooperation with suppliers. To that end, we monitor compliance with contractual provisions. The Supplier Code of Conduct falls into this category of activities. We ensure regular communication with suppliers, continuously monitor the availability of goods and the timeliness of deliveries, draw up forecasts and order goods in advance, search for alternative suppliers and employ a strategy of two or more suppliers. We also explore the possibility of additional suppliers, in particular for critical goods and services.

HR risks relate primarily to retaining and recruiting staff with specific expertise and certificates, as there is increased demand on the labour market for employees with such knowledge. We manage these risks through the development of employees and internal mobility, by supporting employees in the acquisition of various skills, through targeted development and training programmes, and through the internal transfer of knowledge. To that end, we upgrade employee motivation and remuneration systems, and systematically build the employer brand. We are included in secondary school and university-level educational programmes, where we actively work with young people and offer company scholarships. We place a great deal of emphasis on the well-being of employees, and on measures in connection with occupational safety and health.

Risk	What is the risk?	What is the effect?	How is the risk managed?
Functioning of systems and ensuring information and cyber security	Threats to the confidentiality, integrity and availability of networks, systems or data as the result of a potential cyber-attack.	Loss of revenues and reputation, higher costs and user dissatisfaction.	Introduction of the security segmentation of the internal business network [micro segmentation]. Preventive inspections of the functioning of systems, and ensuring the appropriate detection, redundancies and capacities. Introduction of additional security mechanisms at the application level. Continuous implementation and updating of the security policy and processes of planned works, and internal and external assessments. Continuous employee training and awareness-raising regarding security risks. Systematic implementation of various security tests [phishing, penetration tests and system recovery tests].
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Functioning of IT systems and security	Dependence on external contractors with regard to certain existing [out-dated] solutions and technologies.	Malfunctioning of services, limits on the implementation of changes. Reduced efficiency in the rectification of problems. Dissatisfaction of customers	Management of the lifecycle of IT systems and applications. Implementation of planned projects to consolidate BSS/OSS solutions.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Management of procurement process	Dependence on suppliers. Strength of suppliers, weaker negotiating position of the Company. Supply delays. Ability of suppliers to execute transactions. Breach of contractual provisions by suppliers.	Higher costs of goods and services. Higher stocks of strategic materials. Impact on the Company's reputation. Longer delivery times and procurement procedures. Termination of agreements with suppliers.	Centralised procurement. Proactive communication with suppliers and agreements on measures to mitigate risks in the supply chain. Collection of offers from several suppliers and search for new suppliers. Strategy of two or more suppliers. Monitoring of the cooperation of strategic partners, and supplier assessment. Ensuring the necessary safety stocks of strategic materials.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Departure of key employees, appropriate employee structure and organisational culture	Departure of key employees, and employees with crucial knowledge and certificates.	Lack of competences and certificates for strategic projects and the smooth implementation of business processes.	Development and internal mobility. Employee training, mentorship and the internal transfer of knowledge, the acquisition of new skills and competences, leadership development systems. Financial and non-financial remuneration systems, and employee motivation. Activities to further strengthen the employer brand and the attractiveness of employment. Promotion of the cooperation, commitment and networking of employees. Active cooperation with social partners.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>



Risk	What is the risk?	What is the effect?	How is the risk managed?
Human resource risks	Lack of experts for the implementation of projects.	Higher costs and impact on project implementation.	HR strategy focused on retaining and recruiting staff. Employee motivation.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Achievement of projected revenues	Postponement of purchase decisions by customers.	Lower revenues.	Regular communication with customers. Upgrading of existing solutions with additional modules and functionalities.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Risk	What is the risk?	What is the effect?	How is the risk managed?
Securing of investment projects and major transactions	Unexploited opportunities, in terms of securing major investment projects and major transactions.	Lower revenues.	Regular monitoring and search for new opportunities on the market via existing and new partners. Regular monitoring and submission of bids in the scope of public tenders. Construction of the open broadband network.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Human resource risks	Departure of key employees. Shortage of employees with the relevant knowledge.	Higher costs, loss of revenues.	Regular implementation of measures to improve the age structure and flexibility of the employee structure. Organisation of regular and additional training programmes, and the co-financing of studies. Cooperation with educational institutions, and the introduction of company scholarships. Agreement with social partners and remuneration for special achievements.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>
Risk	What is the risk?	What is the effect?	How is the risk managed?
Achievement of projected revenues	Reduced volume of sales. Non-optimal employee structure.	Lower revenues and higher costs.	Active sales, and online and direct communication. Ensuring the optimal employee structure.
<div><div>Level of risk</div></div>	<div><div>Trend</div></div>	<div><div></div></div>	<div>Strategic objective</div>

TSMEDIA

Risk	What is the risk?	What is the effect?	How is the risk managed?
Achievement of projected revenues	Reduction in the scope of advertising.	Lower revenues.	Conclusion of annual agreements, new advertising products and sales campaigns. New contextual video projects and a sales-advertising channel via targeted advertising.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>

SOLINE

Risk	What is the risk?	What is the effect?	How is the risk managed?
Risks associated with adverse weather conditions	Loss of salt production due to adverse weather conditions.	Reduced salt production, insufficient inventories and drop in number of visits to the spa.	No insurance product to transfer risk.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>
Risk of changes to the concession agreement on the management of the SSRP	Change to the concession agreement on the management of the SSRP.	Impact on Soline's business model.	Fulfilment of obligations in accordance with the Decree on the concession for the management of the SSRP and use of natural assets in the Sečovlje salt pans.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€T€</div></div>	<div>Strategic objective</div>

IPKO

Risk	What is the risk?	What is the effect?	How is the risk managed?
Achievement of the planned number of subscribers – mobile segment	Failure to achieve the planned number of subscribers due to the traditionally prepaid market. Changing user habits and aggressive competition through favourably priced prepaid packages.	Lower revenues.	Innovative offers to attract new users. Migration of existing users to better packages. Adaptation of offer.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>
Loss of users and revenues in the fixed prepaid service segment	Aggressive competition, lower prices of competitors, migrations of users of prepaid services to other operators.	Loss of revenues. Reduced number of subscribers.	Innovative offers to attract new prepaid users. Additional services to retain existing users. Campaigns to attract inactive users. Adaptation of offer.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>
Achievement of revenues from business users	Failure to achieve planned number of new business users. Aggressive competition through low prices. Employee turnover.	Lower margin. Reduced number of subscribers.	Campaign to attract new business users. Cross-selling. Additional sales campaign for users with growth potential.
<div><div></div>Level of risk</div>	<div><div>NEW</div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>

Risk	What is the risk?	What is the effect?	How is the risk managed?
Loss of premium fixed subscribers	Failure to achieve planned number of subscribers in the fixed network due to changing content for existing subscribers.	Loss of revenues and higher costs.	Advertising and promotion of new packages to retain users. Further enhancement of TV content and the search for additional alternative approaches.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€T€</div></div>	<div>Strategic objective</div>
Acquisition of frequencies	Unfavourable conditions for the acquisition of the frequencies that the Company requires to provide broadband mobile services.	Inability to provide high-quality mobile services.	Proactive communication with stakeholders regarding the importance of frequencies for the development of mobile services in Kosovo.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€T€</div></div>	<div>Strategic objective</div>
Payment of copyright fees for the transmission of programmes via the cable network	Additional fees paid to the collective associations for the broadcasting of programmes via the cable platform.	Higher costs.	Negotiations with government bodies regarding the level of fees. Lawsuits before the courts. Active communication with all stakeholders.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€T€</div></div>	<div>Strategic objective</div>
Changes to legislation and the interpretation thereof for public contracts	Changes to and interpretation of public procurement legislation in favour of the state-owned operator, which is not in line with EU guidelines.	Higher costs.	Lawsuits before the courts. Demands for the reimbursement of damages from public authorities. Active communication with all stakeholders.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>
Additional investments due to regulatory requirements	Additional investments due to regulatory requirements relating to the shift from an aerial to an underground infrastructure.	Higher costs.	Coordination with the Kosovo Energy Distribution Services (KEDS), municipalities and other operators. A draft agreement for the project has been prepared. Notification of the regulatory authority [ARKEP] about the potential adverse impacts of the activities of the KEDS on telecommunication services.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€T€</div></div>	<div>Strategic objective</div>
IT-operational risk	Outdated BSS architecture. Non-standard development and departure of numerous IT experts due to changes on the IT market.	Higher costs.	BSS architecture plan and consolidation of processes. Continuation of the BSS transformation programme.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€T€</div></div>	<div>Strategic objective</div>
International call termination	Reduction in revenues due to the Western Balkan 6 Initiative (WB6) and the potential impact of the reduction of prices in accordance with the EU-Western Balkans Roaming Declaration.	Lower revenues.	Harmonisation of contractual relations with existing and new partners.
<div><div></div>Level of risk</div>	<div><div></div>Trend</div>	<div><div>€↗</div></div>	<div>Strategic objective</div>

ASSESSMENT OF RISKS DUE TO THE IMPACT OF THE WAR IN UKRAINE AND THE COVID-19 PANDEMIC FOR ALL GROUP COMPANIES

We carried out an additional quarterly risk assessment at all Group companies of the impact of the war in Ukraine, which is separate from the general risk assessment, and only includes factors that are connected with that war. To that end, Group companies are regularly monitoring that impact and have measures in place.

Risk	What is the risk?	What is the effect?	How is the risk managed?
Impact of the war in Ukraine	Disruptions in the supply chain, and higher prices of goods and services. Higher energy prices. Rising interest rates. Malfunctioning of services due to increased risks in the area of cyber security. Rising labour costs due to higher costs of transportation in connection with fuel prices. Lower revenues due to a recession.	Lower revenues. Higher costs. Impact on cash flow.	Search for alternative suppliers and the implementation of a strategy of several suppliers. Increased inventories during the year. Adaptation of the electricity purchase model and the execution of multiple partial purchases. Increased proportion of debt bearing a fixed interest rate. Interest rate hedging using derivatives. Detailed, real-time monitoring of security events, analysis and assessment of information in terms of potential threats in the Cyber Security Operation Centre. Performance of regular vulnerability and response tests, and rectification of identified deficiencies. Continuous readiness of the cyber security response team. Exchange of information regarding security incidents with certain organisations. Adaptation of transport costs in response to changing fuel prices. Special attention is dedicated to specific user segments to ensure the stability of the portfolio. Discontinuation of the forwarding transit traffic with operators from the Russian Federation and Belarus. Monitoring of telephone traffic to prevent abuse, and bilateral agreement on the reduction of call termination prices in Ukraine and in Telekom Slovenije's network. Establishment of redundant connections to increase cyber security.

We faced fewer challenges in 2022 due to the impact of COVID-19 than we did in 2020 and 2021. COVID-19 brought the increased needs of users for reliable and secure telecommunication services. Also up was the number of potential security events and attacks, which we successfully manage through technologies, processes and qualified employees. We have in place a business continuity management system, which means we are qualified to operate even in emergencies. We continuously monitor COVID-19 infection trends at the national level and amongst employees, and adapt our work method and implement other measures, as required.

RISKS IN CONNECTION WITH SUSTAINABLE OPERATIONS FOR ALL GROUP COMPANIES²⁵

We assessed risks in connection with sustainable operations within the Group in 2022. Assessed risks derive from external factors and the Company's commitments, as sustainable goals are built into our plans and strategic policies. As part of our sustainable operations, we raise awareness and inform stakeholders about the Company's activities in the areas of social responsibility and sustainable action.

Risk	What is the risk?	What is the effect?	How is the risk managed?
Risks relating to sustainable operations	Failure to meet the expectations of stakeholders. Failure to meet additional legal/regulatory requirements, and the requirements of banks. Disruptions in the supply chain. Delays in the digitalisation of related business ecosystems. Impact of climate change.	Loss of users and lower revenues. Higher costs. Impact on cash flow.	Aspects of sustainability integrated into operations. Achievement of the goals of sustainable operations. Development of new solutions to mitigate climate-related impacts for users, the Company and Group. Partnerships with users and suppliers. User-friendly digitalisation. Agility in the implementation of measures aimed at constant improvement. Concern for employees. Social responsibility. Inclusion of sustainability aspects in the planning of investments. Strategy for the transition to more environmentally friendly energy sources. Scenarios to assess the impact of climate change on operations.

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7.3 FINANCIAL RESULTS OF THE TELEKOM SLOVENIJE GROUP

ANALYSIS OF THE CONSOLIDATED INCOME STATEMENT

The Telekom Slovenije Group generated EUR 659.0 million in **operating revenues** in 2022, an increase of 1% relative to the previous year. Sales revenue amounted to EUR 652.1 million. Revenues from the mobile segment of the end-user market were up primarily due to the increased number of subscribers and prepaid users in Kosovo as the result of intense activities to attract new subscribers. Revenues were lower in the fixed segment of the end-user market due to a decline in revenues from traditional voice telephony as the result of the falling number of traditional connections, and due to lower revenues from the sale of licences and IT merchandise, which resulted in lower costs of subcontractors and costs of goods sold. Revenues from additional services include revenues from financial services, energy, eHealth services and insurance. Growth was recorded in all of the aforementioned segments, except energy. Revenues in that segment were lower in 2022 on account of the discontinuation of the supply of electricity to end-customers. Revenues on the wholesale market were up relative to the same period in 2021, primarily due to higher revenues from international voice services in Kosovo and higher revenues from domestic wholesale services in Slovenia. Other operating income and merchandise were up relative to 2021 due to higher revenues generated by subsidiaries on the market.

The **operating expenses** of the Telekom Slovenije Group amounted to EUR 608.6 million, an increase of 1% relative to 2021. Primarily energy costs were higher, while the costs of telecommunication services were also up due to higher wholesale revenues.

Earnings before interest and taxes (EBIT) reached EUR 50.4 million in 2022, a decrease of 3% or EUR 1.3 million relative to the previous year. EBIT adjusted for electricity costs would have been 7% higher in 2022 than in 2021.

Earnings before interest, taxes, amortisation and depreciation (EBITDA) totalled EUR 216.5 million at the Telekom Slovenije Group level, a decrease of 2% relative to 2021. EBITDA adjusted for electricity costs in 2022 would have been at the level recorded in 2021. The EBITDA margin [i.e. EBITDA as a proportion of sales revenue] was 33.2% at the Group level [2021: 34.1%].

Finance income was up by 76% relative to 2021 to reach EUR 3.5 million, while **finance costs** were down by 2% relative to 2021 to stand at EUR 8.4 million.

Following the calculation of income tax [including deferred tax assets], the Telekom Slovenije Group generated a net profit of EUR 37.5 million in 2022, a decrease of EUR 0.4 million relative to 2021.

The Telekom Slovenije Group also uses the Alternative Performance Measures [APMs] defined by the ESMA to present its operating results [for more information, see [10.3 Alternative Performance Measures](#)].

ANALYSIS OF THE CONSOLIDATED BALANCE SHEET

Total assets as at 31 December 2022 amounted to EUR 1,275.3 million, an increase of 2.0% or EUR 25.0 million relative to the situation as at 31 December 2021.

Non-current assets totalled EUR 1,031.5 million, an decrease of 0.2% or EUR 1.7 million relative to the end of 2021. The proportion of the Group's total assets accounted for by non-current assets fell to 80.9% [2021: 82.6%]. Intangible assets, in particular, were lower [annual amortisation exceeded investments in intangible assets].

Current assets amounted to EUR 243.8 million and were up by 12.3% or EUR 26.7 million. Cash and cash equivalents were up by EUR 21.4 million.

Equity totalled EUR 611.7 million, an increase of 1.9% or EUR 11.2 million relative to the end of 2021, and represented 48.0% of total assets [2021: 48.0%].

Non-current liabilities in the amount of EUR 350.2 million represented 27.5% of total assets. They were down by EUR 74.4 million compared to the end of 2021, primarily due to an increase in the current portion of non-current loans that fall due for payment in the next year relative to the situation as at 31 December 2021. Non-current liabilities as at 31 December 2022 were thus down by 17.5% relative to the end of 2021.

Current liabilities amounted to EUR 313.5 million, an increase of EUR 88.2 million relative to the end of 2021. The

proportion of total assets accounted for by current liabilities rose to 24.6% (2021: 18.0%), primarily due to the transfer of the current portion of non-current loans to current financial liabilities.

ANALYSIS OF THE CONSOLIDATED STATEMENT OF CASH FLOWS

The Group recorded investments in fixed assets in the amount of EUR 153.2 million and outflows for loans granted and deposits placed in the amount of EUR 0.1 million in **outflows for investing activities**.

The Group’s **inflows from investing activities** in 2022 primarily comprised proceeds from the sale of fixed assets in the amount of EUR 1.7 million (with the sale of the Pliberk fibre optic network accounting for EUR 1.1 million of that amount), inflows from the sale IEDC financial assets in the amount of EUR 0.4 million and inflows

from dividends in the amount of EUR 0.2 million.

The Group’s **outflows from financing activities** included repayments of the current portion of non-current loans in the amount of EUR 40.2 million, interest paid on loans raised and assets under lease in the total amount of EUR 7.2 million, and outflows for the purchase of treasury shares in the amount of EUR 0.4 million. Based on the dividends approved by the General Meeting of Shareholders, the total amount of EUR 29.2 million was paid to Telekom Slovenije’s shareholders in August. In accordance with the entry into force of IFRS 16, payments of lease liabilities (excluding interest) in the amount of EUR 9.2 million were included in outflows from financing activities.

The Group recorded two non-current loans in the total amount of EUR 60 million in **inflows from financing activities**.



KEY FINANCIAL INDICATORS FOR THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE, IN ACCORDANCE WITH THE ACCOUNTING REPORT²⁶

	Telekom Slovenije Group			Telekom Slovenije		
	I-XII 2022 / 31 December 2022	I-XII 2021 / 31 December 2021	Index 22/21	I-XII 2022 / 31 December 2022	I-XII 2021 / 31 December 2021	Index 22/21
in EUR thousand and %						
Sales revenue	652,121	648,247	101	575,886	577,630	100
Other operating income	6,832	5,303	129	3,225	3,421	94
Total operating revenues	658,953	653,550	101	579,111	581,051	100
EBITDA	216,452	220,752	98	167,365	175,773	95
EBITDA margin = EBITDA / sales revenue	33.2%	34.1%	97	29.1%	30.4%	96
EBIT	50,362	51,696	97	28,484	33,598	85
Return on sales = EBIT / sales revenue	7.7%	8.0%	97	4.9%	5.8%	85
Net profit for the financial year	37,506	37,888	99	20,793	34,371	60
Assets	1,275,338	1,250,339	102	1,223,290	1,237,941	99
Equity	611,677	600,431	102	606,233	612,241	99
Return on equity (ROE)	6.2%	6.4%	97	3.4%	5.6%	60
Equity ratio	48.0%	48.0%	100	49.6%	49.5%	100
Net financial debt	401,168	399,009	101	411,749	408,293	101
NFD/EBITDA	1.9	1.8	103	2.5	2.3	106
Investment in property, plant and equipment (CAPEX)	167,791	208,173	81	114,086	188,704	60
EBITDA – CAPEX	48,661	12,579	387	53,279	-12,931	612
Ratio of (EBITDA – CAPEX) to EBITDA (cash margin)	22.5%	5.7%	395	31.8%	-7.4%	633
Number of employees as at the last day of the period	3,262	3,284	99	2,103	2,119	99
Investments as a proportion of operating revenues	25.5%	31.9%	80	19.7%	32.5%	61

Definitions can be found in 10.3 Alternative Performance Measures.

More information can be found in the accounting report on page 164.

SEGMENT REPORTING

The criterion for segment reporting is the registered office where an activity is performed. The Telekom Slovenije Group thus presents its operations in two segments: Slovenia and other countries. Detailed information can be found in the accounting report in point 6 Segment reporting.

7.4

FINANCIAL PERFORMANCE OF THE TELEKOM SLOVENIJE GROUP

Through the pursuit of an effective financial policy within the Telekom Slovenije Group, we achieve the financial stability of the entire Group. This is done through successful operations, the active planning and management of cash flows, by ensuring the appropriate maturities and diversification of financial debt, through financing within the Group and the optimisation of working capital and cash and cash equivalents, and by managing financial risks.

For the purpose of ensuring a high level of liquidity, the Group has open short-term credit lines at banks that are regularly rolled over taking into account planned needs.

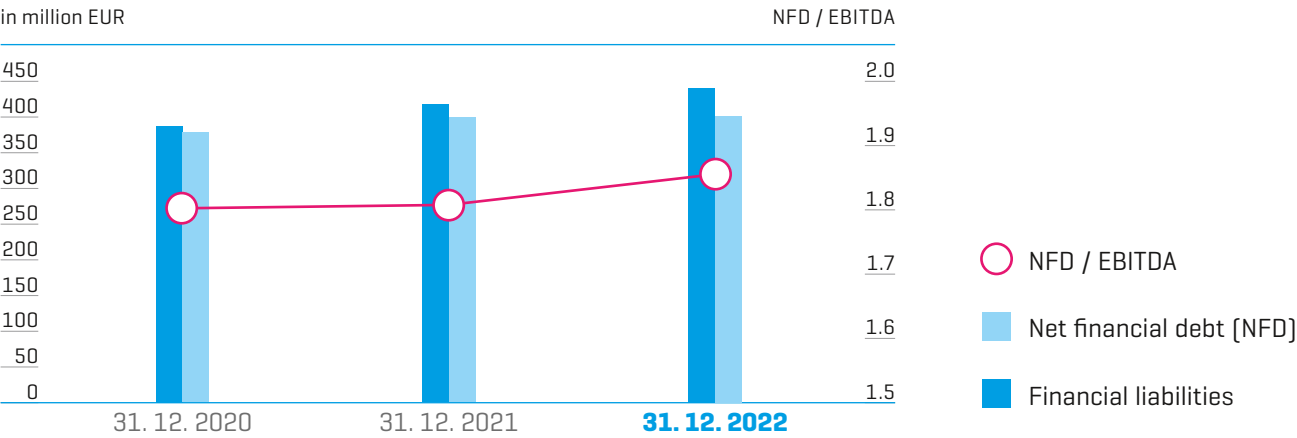
The Group’s liquidity reserves amounted to EUR 69 million at the end of 2022, and took the form of approved but undrawn revolving credit lines.

Indebtedness is relatively low at the Group level. The net financial debt to EBITDA ratio was 1.85 at the end of 2022, while the Group’s financial liabilities totalled EUR 439.4 million. A large portion of financial liabilities is accounted for by two non-current syndicated loans in the total amount of EUR 269.7 million and a non-current loan from the European Investment Bank in the amount of EUR 100 million. The remaining liabilities are accounted for by a finance lease.

As a rule, subsidiaries secure borrowings from the parent company. Internal financing within the Group and the reallocation of surplus cash between companies facilitate more effective cash management and the optimisation of net financial debt, as well as a reduction in the Group’s exposure to external borrowing, which in turn ensures greater flexibility.

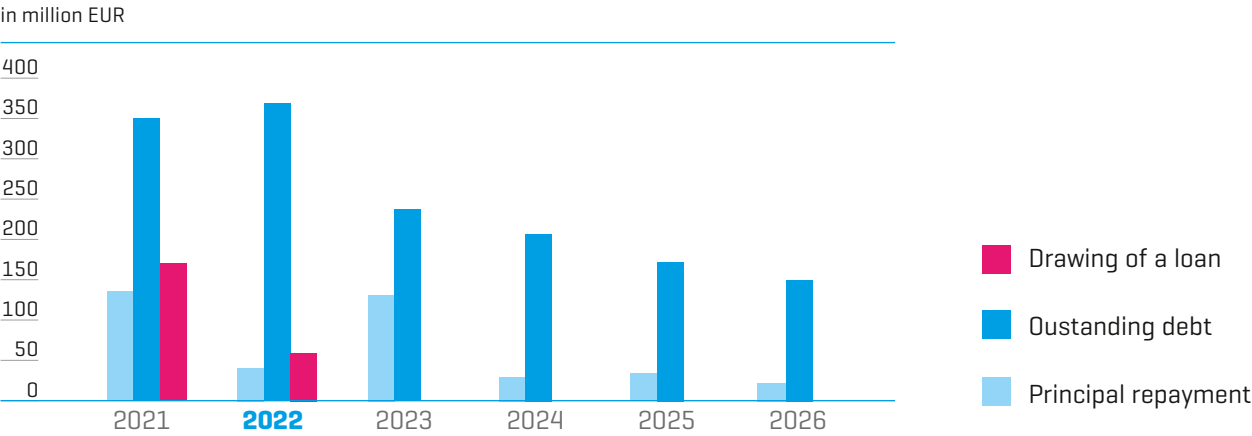
Three tranches of a non-current loan from the European Investment Bank in the total amount of EUR 60 million were drawn down in 2022. Nevertheless, the structure of financial liabilities shifted towards current liabilities at the end of 2022, as the entire tranche of a non-current syndicated loan in the amount of EUR 100 million falls due for payment at the end of 2023. The Group will refinance the latter with new long-term sources.

Net financial debt [NFD] of the Telekom Slovenije Group

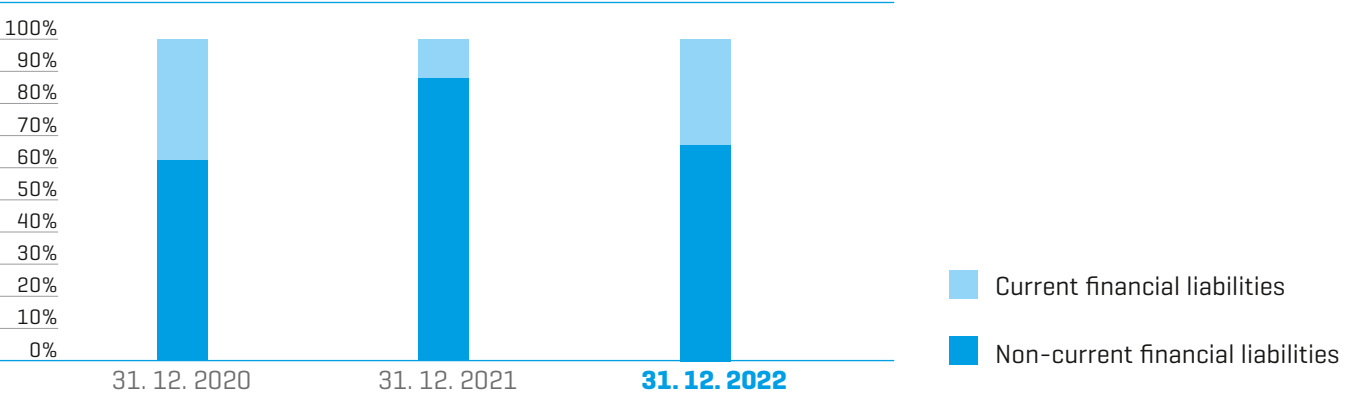


The Group regularly settles its liabilities to creditors. A total of EUR 40.2 million in non-current loans was repaid in 2022.

Repayment plan for existing non-current loans



Maturity breakdown of financial liabilities



According to the situation as at 31 December 2022, raised loans bear fixed and variable interest rates, with the latter linked to the 6-month EURIBOR. The weighted mark-up on the variable portion of the interest rate on all loans within the Group stood at 125 basis points at the end of 2022. Fixed or hedged interest rates account for 28.1% of interest-bearing financial liabilities at the Group level²⁷.

FULFILMENT OF FINANCIAL COMMITMENTS

Creditor banks require the maintenance of the values of financial commitments and indicators set out in loan agreements. Failure to fulfil those commitments could result in the early maturity of loans. All financial commitments at the Group level were met as at 31 December 2022.

FINANCIAL RISK MANAGEMENT

A detailed description of financial risk management is found in section 7.2 Risk management and in the accounting report in point 45 Financial instruments and risk management.

²⁷ Loan principle is taken into account.



7.5

INVESTMENTS IN FIXED ASSETS

INVESTMENTS IN FIXED ASSETS²⁸

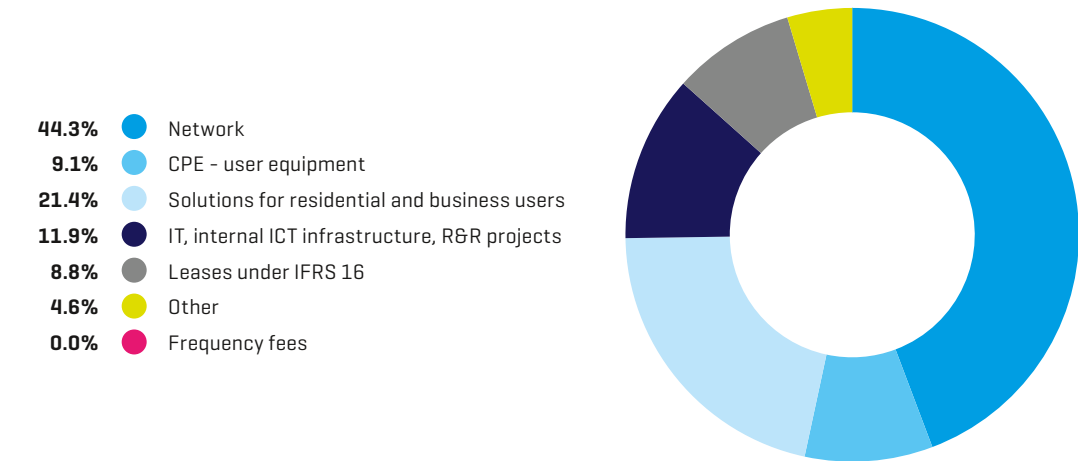
The Telekom Slovenije Group earmarked EUR 167.8 million for investments in fixed assets in 2022, a decrease of 19% or EUR 40.4 million relative to 2021. Of the aforementioned amount, 68% of all investments or EUR 114.1 million was earmarked for investments by Telekom Slovenije, a decrease of 40% relative to the previous year. The remainder was earmarked for investments in development by subsidiaries.

Through investments in the construction, modernisation and development of networks and services, we are creating a platform to attract new and retain existing subscribers, and to secure new revenue sources and maintain a high level of quality. The majority of investments in 2022 were earmarked for the expansion of the fibre optic access network, which will provide users a superior user experience in terms of broadband content and high-speed internet access. Investments were also earmarked for business information support, and for the development of new services and the continued optimisation of operations. For more information, see section [8.1.1 Development of the network, technologies and services](#).

Investments by company

in EUR thousand	2022	2021	Index 22/21
Telekom Slovenije	114,086	188,704	60
Other companies in Slovenia	23,235	5,734	405
IPKO – Kosovo	38,924	13,343	292
Other companies abroad	1,374	1,900	72
Exclusions and adjustments	-9,828	-1,508	-
Telekom Slovenije Group	167,791	208,173	81

Structure of investments by purpose



28 GRI 3-3, 203-1, I01

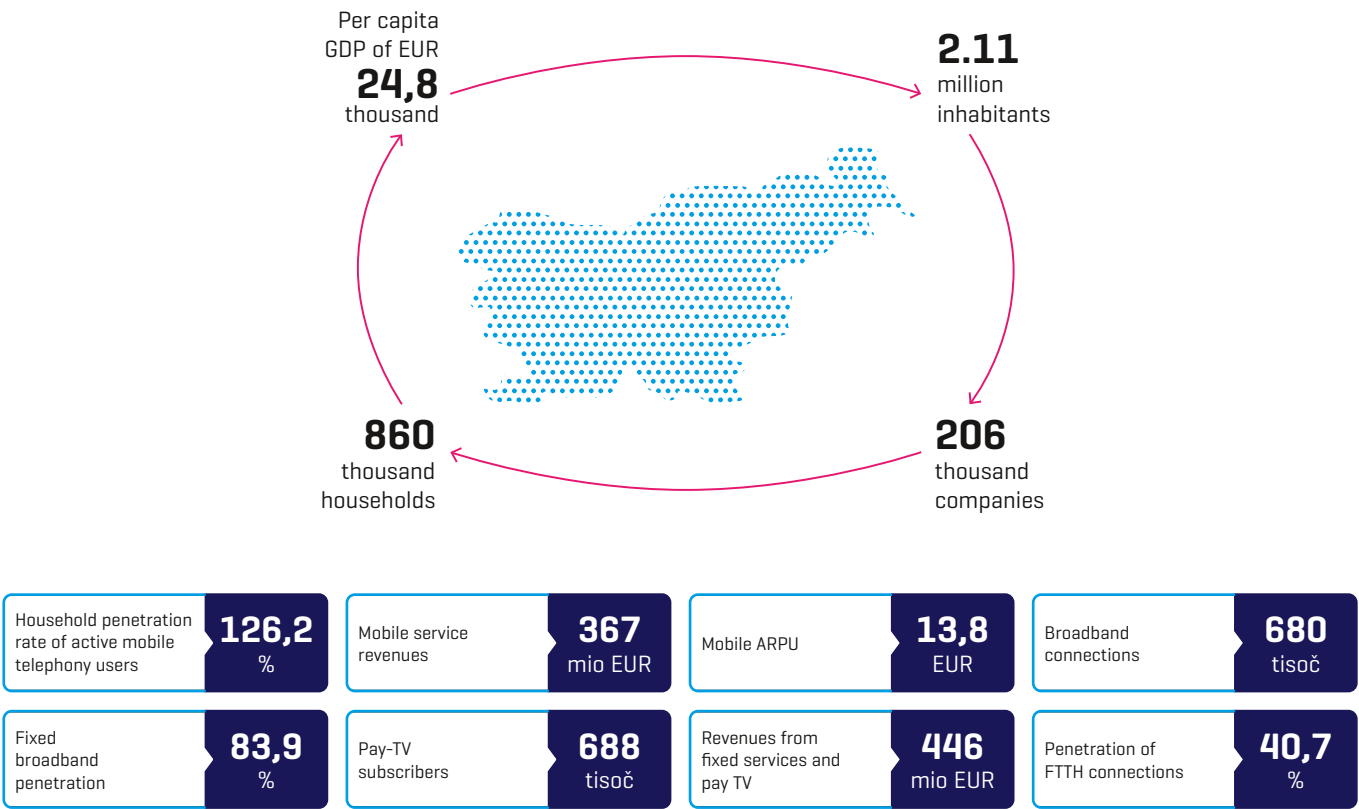
7.6

MARKETING AND SALES

7.6.1

MARKET AND MARKET SHARES IN KEY SERVICE SEGMENTS²⁹

Key indicators of the Slovenian telecommunications market



Source: Analysys Mason, Central and Eastern Europe telecoms market: trends and forecasts 2021–2026 [forecast for 2022], January 2022; AKOS [third quarter of 2022], SURS [third quarter of 2022].

29 GRI 2-6, SDG 8.10



The fixed and mobile segments of the Slovenian communications market are dominated by four convergent operators: Telekom Slovenije, A1 Slovenija [Telekom Austria Group], Telemach [United Group] and T-2.

Market shares of leading operators in key segments, in %

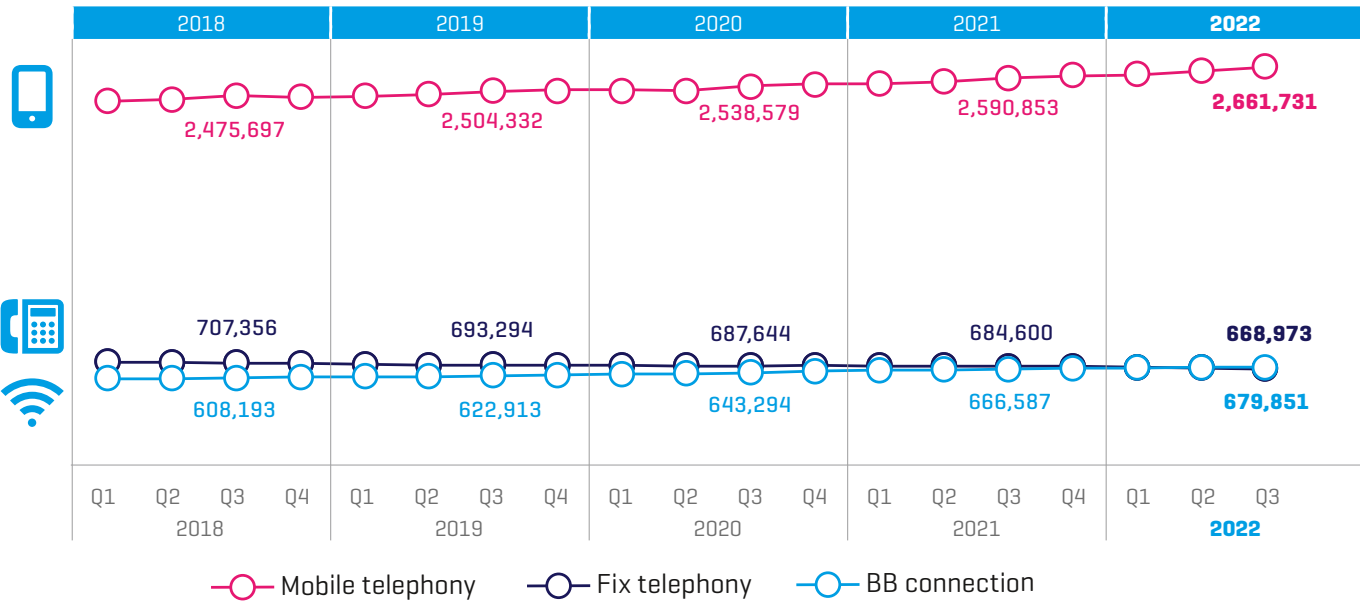
	TELEKOM SLOVENIJE	T-2	TELEMACH	A1 SLOVENIJA
Fixed BB access	27	21	32	16
IPTV	41	32	5	22
VOIP	32	23	36	7
Mobile telephony	36	7	25	27
Mobile internet	30	7	28	28

Source: AKOS, fourth quarter of 2022.

MARKET SHARES IN KEY SERVICE SEGMENTS

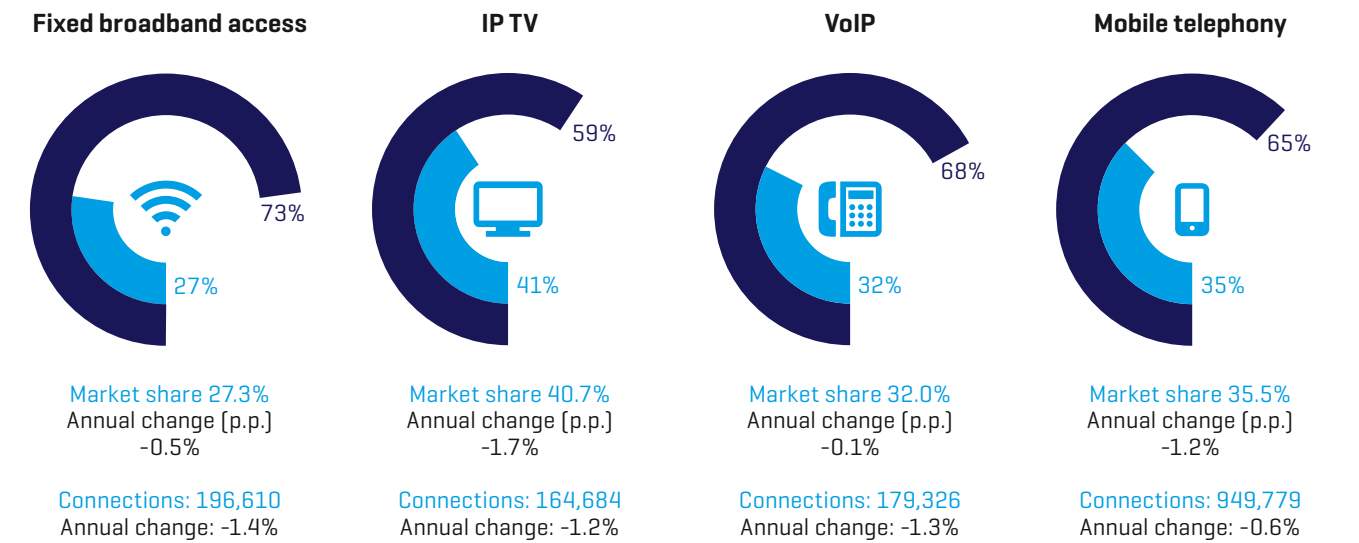
The Slovenian telecommunications market [including systems integration and cloud services] is developed and saturated. Telekom Slovenije maintains the leading market share in the IPTV, mobile telephony and mobile internet segments.

Changes in the number of connections on the electronic communications market in Slovenia



Source: Statistical Office of the Republic of Slovenia, third quarter of 2022.

Telekom Slovenije’s market shares and connections in key segments



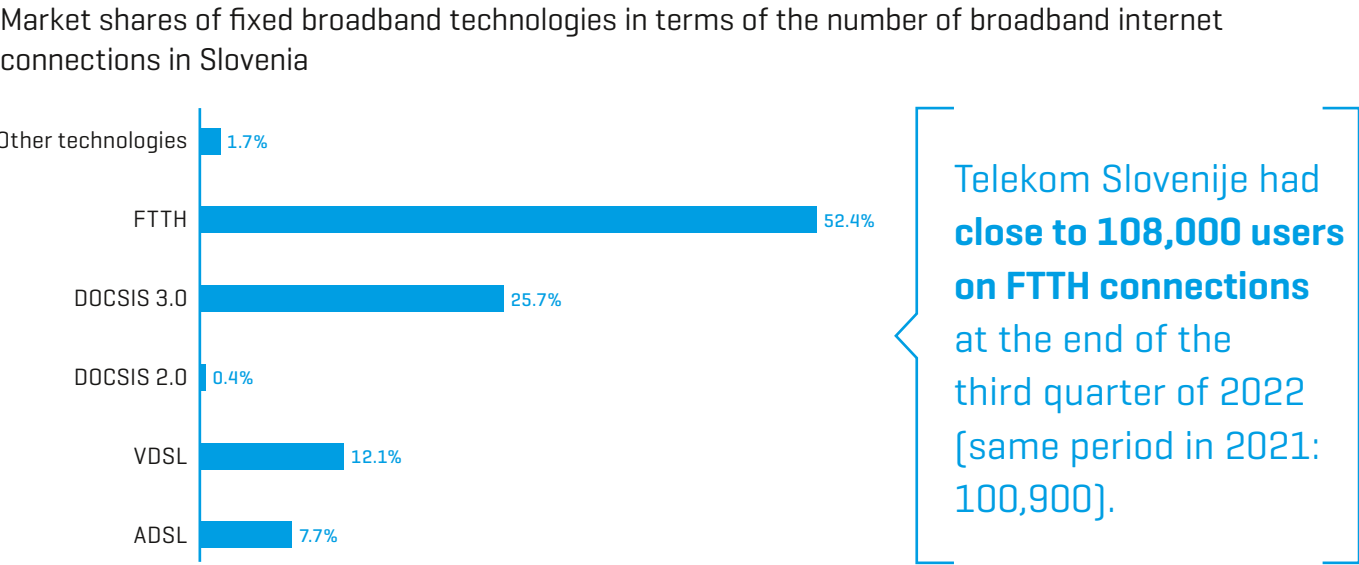
Source: Report on the development of the electronic communications market for the fourth quarter of 2022, AKOS and internal Telekom Slovenije figures.

FIXED BROADBAND ACCESS

The number of broadband connections in Slovenia is constantly rising; there were 679,851 such connections at the end of the third quarter of 2022 [666,587 in the same period in 2021], with residential broadband connections accounting for 86.2% of that amount.

The household fixed broadband penetration rate reached 84.0% in the fourth quarter of 2022 [83.2% in the same period in 2021].³⁰ Telekom Slovenije holds a 27.3% market share in the aforementioned segment. The trend of a rising proportion of fibre optic connections and the offer of

high-speeds in operator packages also continue. At the end of the third quarter of 2022, the number of active fibre optic connections in Slovenia was already 349,710, which represents 51.4% of all connections. The number of fibre optic connections rose by 10.1% in one year.



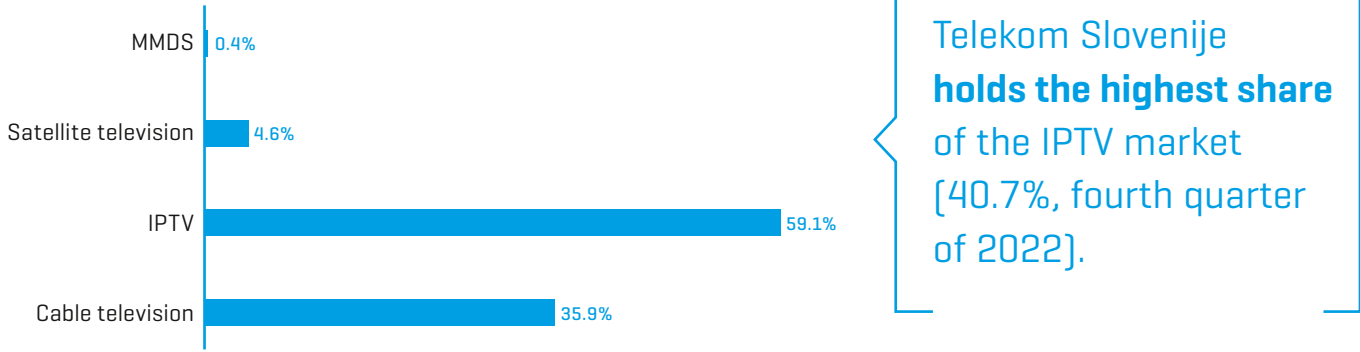
Source: Report on the development of the electronic communications market for the fourth quarter of 2022, AKOS.

³⁰ Source: AKOS: amongst the most important indicators of the level of development of the electronic communications market is broadband access penetration, which is calculated as the number of residential and business broadband connections relative to the number of citizens or households in the Republic of Slovenia.

PAY TV MARKET

IPTV accounts for the majority [59.1%] of all TV connections in Slovenia, and is followed by cable TV [35.9%], where the number of connections has stagnated [fourth quarter of 2022]. According to figures from the AKOS, 79.8% of households have pay TV [79.2% at the end of 2021].

Market shares of TV connections by technology

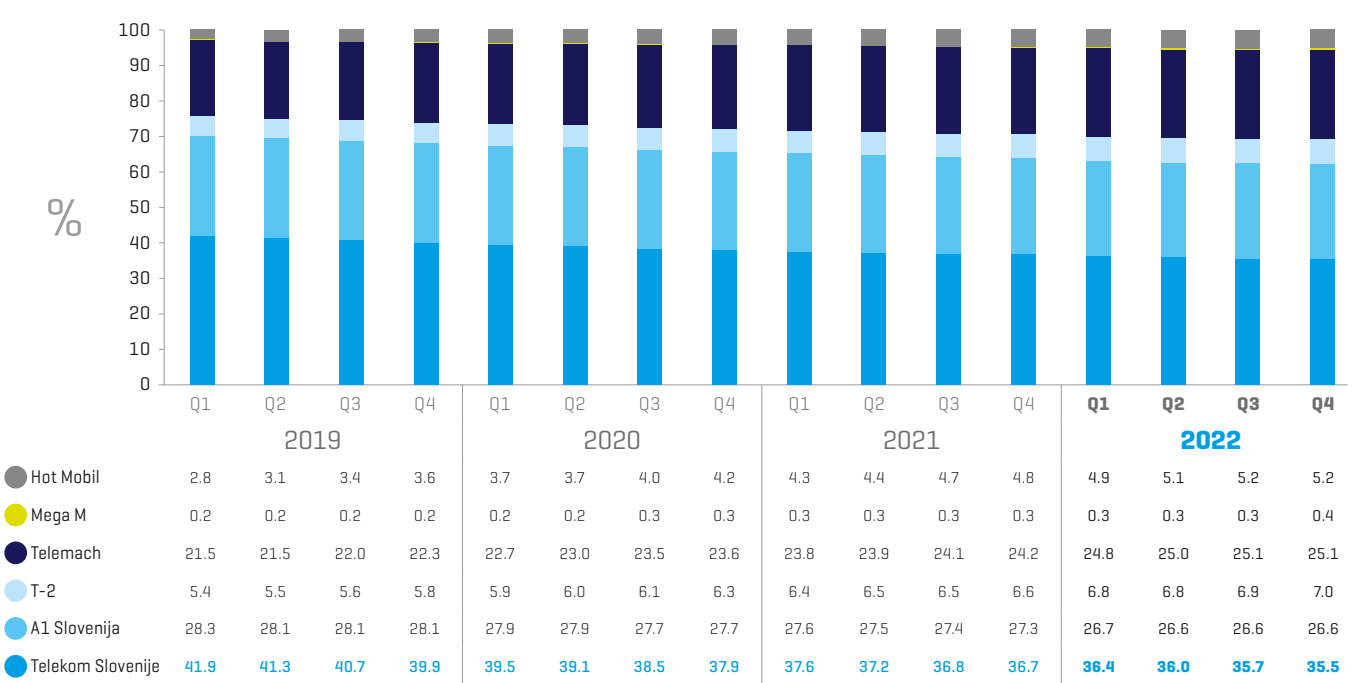


Source: Report on the development of the electronic communications market for the fourth quarter of 2022, AKOS.

MOBILE TELEPHONY

The household penetration rate of active mobile telephony users rose to 126.7% in the fourth quarter of 2022, while the number of active users was up by 2.7% relative to the third quarter of 2021 or by more than 70,800 users relative to the same period the previous year. We hold the leading market share in this segment [35.5%, fourth quarter of 2022].

Changes in shares on the mobile telephony market in Slovenia



Source: Report on the development of the electronic communications market for the fourth quarter of 2022, AKOS.

5G In terms of market shares of mobile telephony users with regard to mobile technology, **the share of 5G users is growing** [13.0% in the fourth quarter of 2022]. The highest market share is still accounted for 4G users [76.7% in the fourth quarter of 2022], but that share is falling.

The volume of data traffic in mobile networks is continuously rising. At 30.4%, Telekom Slovenije holds the highest share of the mobile broadband internet access market [fourth quarter of 2022]. The household mobile broadband access penetration rate stood at 96.4% in Slovenia in the fourth quarter of 2022 and will continue to rise.

IPKO AND THE COMPETITIVE ENVIRONMENT IN KOSOVO

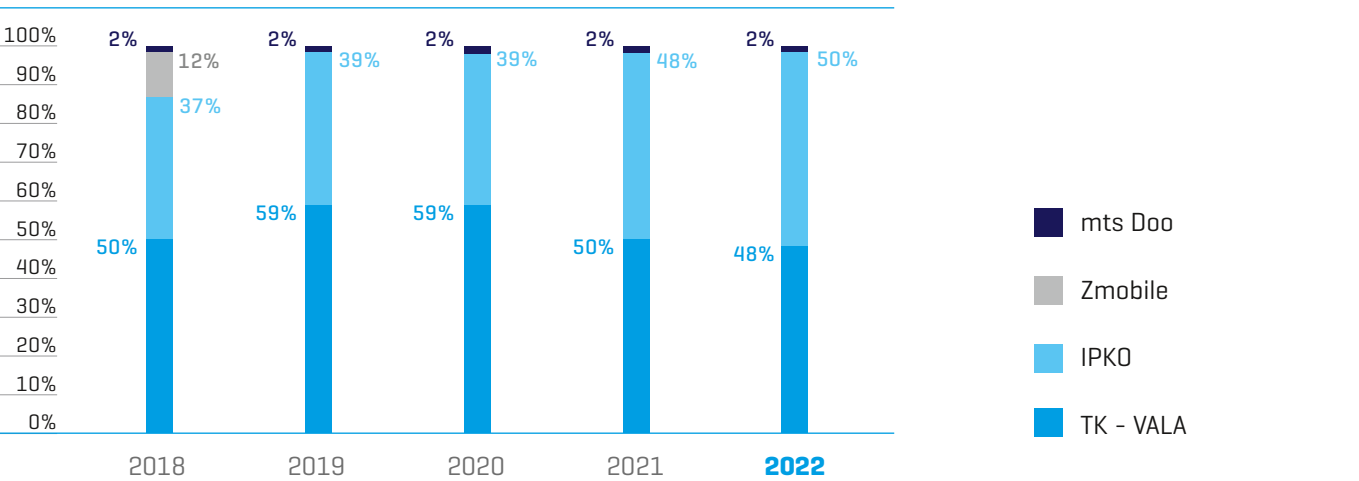
IPKO is one of the strongest brands in Kosovo. IPKO is primarily recognised as a brand for young users in the mobile telephony and fixed services segments, and a brand for technology enthusiasts. It has well-known ads, the fastest mobile internet, and the fastest and most stable internet in the fixed segment. It is also known for the best sales network and customer support.

Three operators provide services in the **mobile segment**: Vala, IPKO and MTS. With a 50.1% market share in terms of users and a 53.2% market share in terms of revenues

[ARKEP, 4Q 2022], IPKO is the leading mobile operator. The company’s market share is growing from year to year.

In 2022, IPKO was the first operator in Kosovo to successfully test 5G mobile technology and achieved a speed of 1.2 Gbit/s. The mobile market remains largely prepaid, with the widespread use of OTT applications. IPKO remains the only operator that has fully implemented the +383 country code, and records a continuous increase in the number of users and revenues. It exceeded one million active mobile users for the first time during the summer.

Market shares of operators in the mobile telephony segment in Kosovo



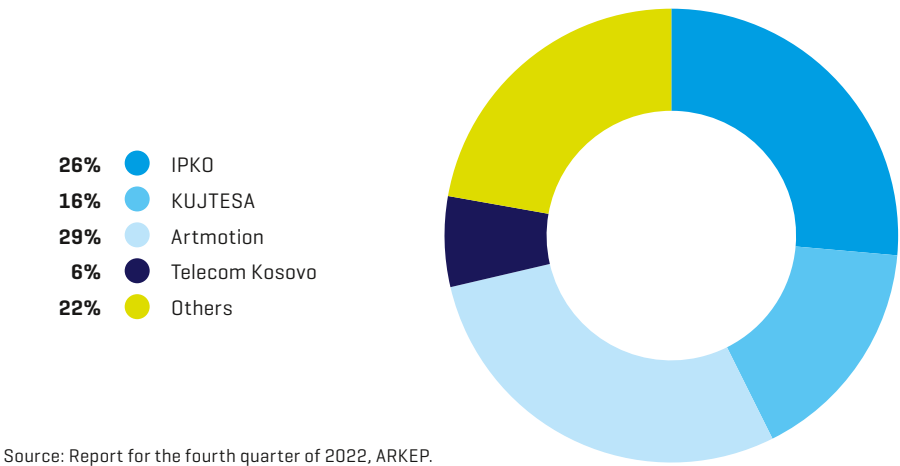
Source: Report for the fourth quarter of 2022, ARKEP.

Market conditions have been demanding in the **fixed segment** in recent years, as three main operators compete on the market: IPKO, Kujtesa and Artmotion, followed by PTK and Telkos. These operators focus on low-priced packages, higher internet speeds, and the enhancement and improvement of digital content. IPKO has succeeded in maintaining a stable base of users, primarily through a range of long-term subscriber agreements with benefits,

and has thus continued the positive trend of growth in the number of users. The majority of packages on the market continue to offer two services [internet + DTV].

The mobile and fixed segments are heavily influenced by the seasonal effect of expatriates which, due to the easing of measures in connection with COVID-19, made an above-average contribution to total growth in the number of users and revenues in 2022.

Market shares of operators in the internet segment in Kosovo



Source: Report for the fourth quarter of 2022, ARKEP.

7.6.2 SALES OF THE TELEKOM SLOVENIJE GROUP³¹

At the end of 2022, the Telekom Slovenije Group had around one percent fewer **broadband connections** than the previous year. The total number of connections was up by 1% in Slovenia and down by 6% in Kosovo.

The total number of **mobile telephony** users was up by 2%. The number of retail and wholesale mobile telephony users was up by 1% in Slovenia and by 4% in Kosovo.

The use of traditional **fixed voice telephony** has been falling for a number of years. The number of such connections was down by 4% in Slovenia in 2022. Together with VoIP services, the number of voice telephony connections within the Telekom Slovenije Group was down by 3% relative to the previous year.

TELEKOM SLOVENIJE GROUP CONNECTIONS AND SERVICES BY TYPE AND MARKET

Broadband connections

Number of connections as at	31 December 2022	31 December 2021	Index 22/21
<i>Slovenia – retail</i>	196,610	199,386	99
<i>Slovenia – wholesale</i>	176,250	169,937	104
Slovenia total	372,860	369,323	101
Kosovo – retail	101,285	108,298	94
Telekom Slovenije Group	474,145	477,621	99

Mobile telephony

Number of connections as at	31 December 2022	31 December 2021	Index 22/21
<i>Slovenia – retail</i>	949,779	955,648	99
<i>Slovenia – wholesale</i>	159,722	145,971	109
Slovenia total	1,109,501	1,101,619	101
Kosovo – retail	892,665	856,611	104
Telekom Slovenije Group	2,002,166	1,958,230	102

Fixed telephony and VoIP services

Number of connections as at	31 December 2022	31 December 2021	Index 22/21
<i>Slovenia – traditional fixed voice telephony</i>	280,959	291,335	96
<i>Slovenia – VoIP</i>	179,326	181,760	99
Slovenia total	460,285	473,095	97
Kosovo – VoIP	34,362	35,089	98
Telekom Slovenije Group	494,647	508,184	97

SALES REVENUE OF THE TELEKOM SLOVENIJE GROUP

Breakdown of sales revenue by company³²

in EUR thousand	2022	2021	Index 22/21
Telekom Slovenije	579,111	581,051	100
Other companies in Slovenia	96,890	78,937	123
IPKO – Kosovo	80,966	71,740	113
Other companies abroad	3,970	4,029	99
Exclusions and adjustments	-101,984	-82,207	-
Telekom Slovenije Group	658,953	653,550	101

31 GRI PA4, GRI 2-6, SASB: TC-TL-000.A, TC-TL-000.B, TC-TL-000.C

32 GRI 201-1

TELEKOM SLOVENIJE

Telekom Slovenije generated sales revenue of EUR 575.9 million in 2022, similar to the level recorded in 2021. Higher relative to the previous year were revenues from IT services and merchandise, wholesale revenues, and other revenues and revenues from other merchandise. Revenues from the mobile segment of the end-user market and revenues from the fixed segment of the end-user market were down due to the declining number of traditional connections.

Innovations in the portfolio

The development of Telekom Slovenije is based on the Company's focus on users, who receive the best user experience through simple and advanced solutions, and a range of products and services tailored to their needs. We create personalised experiences and build long-term relationships through a segment-based approach. We take various factors into account in the portfolio and communication, including the socio-demographic profile, lifestyle, interesting topics, values, etc. We dedicated more attention in 2022 to existing users, whom we addressed with relevant content.

We've taken a step closer to simplifying the use of services and connectivity with them through the following:

- optimisation of the portfolio of services and products;
- the development and upgrading of key services, such as new content and an improved NEO user interface;
- increased speeds in fixed packages;
- customised mobile packages; and
- new communication approaches.

Mobile services

In 2022, we offered residential and business users numerous special offers and benefits in *Naj* packages.

In accordance with Regulation (EU) 2022/612 on roaming, we amended the prices of outgoing and incoming regulated roaming calls, SMS and data roaming in countries covered by the EU tariff.

The Electronic Communications Act (ZEKom-2) entered into force in November 2022. In accordance with legal requirements, we stopped marketing benefits with a 12-month subscription, and only charge the cost of amending or terminating a subscriber package for subscriptions that have not yet expired when switching to another operator or amending a subscriber package.

Segment of young users



The **SUPR** mobile package for young users is extremely popular, with the number of subscribers rising continuously. Among other things, we made it possible for young people to buy an electric scooter at an extremely low price when entering into a subscriber agreement, and issued **SUPR** lottery tickets at certain points of sale. We ensure that the user experience is always fun and surprising, including with surprises at selected points of sale.

Prepaid users

In the prepaid user segment, we prepared different specially priced offers for *Mobi* users throughout the year, and offered IZI users two *IZI SuperKUL* packages at a reduced price.

At the end of May 2022, we launched the first *Mobi* package with a smart children's watch and call function. We presented the first 'beginners' mobile phone for children with their own call number and recommended it for parents and guardians whose child is too young to use a smartphone.

Fixed services

For the subscribers of the *NEO Svet C* and *NEO SuperNet* packages, we upgraded the basic speed on the fibre optic network for free and facilitated speeds of up to 1 Gbit/s. We also upgraded **fixed internet speeds to 2 Gbit/s** on the fibre optic network with XGS-PON technology, which facilitates speeds of up to 10 Gbit/s. We upgraded the older fixed packages of more 85,000 subscribers with the latest NEO packages for free and replaced some older TV communicators.

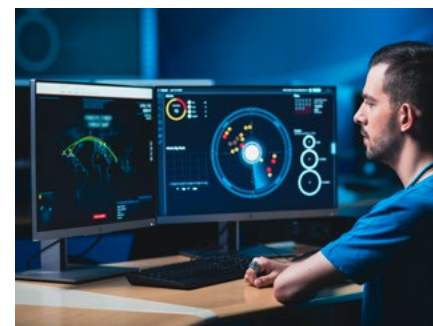


We presented a number of innovations on the NEO TV platform in 2022. We added a great deal of new content, including the **voice-controlled search for content in the YouTube and Voyo** applications, upgraded NEO Games, improved the transparency of Online Store services, etc. The voice-controlled search

for content is already very common and is one of the most popular NEO functionalities. Users gave a total of 93 million voice commands in 2022, the most frequent being the name of a TV programme that they wished to watch, while they also search by the title of a series, movie, sport, etc. NEO boasts a number of advantages, such as a better picture resolution of up to 4K, more TV programmes and more than 10,000 content-on-demand items that are available via numerous video-on-demand services, such as DKino, HBO Max, HBO on Demand, Epic Drama, Pickbox, Voyo, Chess with Laura Unuk, Da Vinci Kids, Minimax+, Curiosity Stream, Culture, Kitchen TV, Dajmedol and Dajmedol+.

Together with TSmedia, we introduced another innovation in 2022 in the form of **targeted TV advertising**, which facilitates the back-viewing of video advertisements.

Information and cyber security



The number of different online scams is rising in Slovenia, too. Many people have already received an email that appears to be sent by the post office or a bank requesting that they enter their personal data, bank account number or payment card number. We can do a lot to protect ourselves by using security solutions, such as the advanced **Safe Web** service. The aforementioned solution protects devices in the mobile and fixed network. In this way, we protected more than 30% of all user services in 2022. The users of fixed services are

particularly hard hit, as without the Safe Web solution, more than 40% of them, on average, could suffer the consequences of various cyber threats.

Insurance

The insurance of mobile equipment and the innovative **Brezskrbni** travel insurance, which is unique on the Slovenian market, are increasingly well-known and sought-after by our users. We have also consolidated the insurance of mobile devices under the *Brezskrbni* brand.

VALÚ Smart Wallet



VALÚ is more than a smart wallet and payment and identification system; it is a comprehensive service that changes a mobile phone into a handy smart device for the payment of goods and services. VALÚ was used by more than 120,000 users in 2022, which is a 20% increase relative to 2021. Users executed more than 2.5 million transactions.

We expanded the network of points of sale where the VALÚ Smart Wallet can be used to make payments by 17%, with such payments now possible at more than 3,500 points of sale. We expanded that network primarily in the postal and distribution activity, and in the sale of products for children and at parking garages.

Online Store



We upgraded the Online Store with the most advanced version of the web platform, upgraded back-office systems and introduced new functionalities. We introduced three-level categorisation to facilitate the search for products, and implemented the fully digitalised redemption of digitalised vouchers that could be used to purchase 1,157 different products. We upgraded the portfolio to more 5,300 products spanning more than 130 categories, with more than 3,000 of those products available in the **Loyalty Programme** with the option of instalment payments.

Home eCare



Telekom Slovenije and its consortium partner, the Slovenian Federation of Pensioners' Associations (ZDUS), were selected

via public tender to implement the Ministry of Health's 'Home eCare' project. **eCare** is a service that provides the elderly, disabled persons and patients with chronic diseases more independent and safer living in their home environment, as it ensures a 24-hour-a-day link to an assistance



centre and medical staff, as well as the organisation of assistance when users need it. The use of eCare in the scope of the aforementioned project is financed in full by the EU from the European Social Fund, so that the service will be available free-of-charge for up to 5,000 beneficiaries until 30 September 2023. Interest was extraordinary, and we filled the available quota in just a few months.

We have been providing the eCare service since 2017, meaning it is also available in the scope of the regular portfolio of products and services. To ensure that the service is available to as many interested people as possible, Telekom Slovenije and the ZDUS invited municipalities to participate in the Safe and Connected at Home project back in December 2017. Municipalities that join the project subsidise the eCare service for their citizens, while the number of municipalities was up in 2022.

In the scope of the **telemedicine** solution, we offer Slovenian hospitals and health centres the use of telemedicine services for the treatment of patients. That solution facilitates the simple remote monitoring of patients' health at home, without hospitalisation or visiting a clinic. More than 2,000 patients across Slovenia have been treated using telemedicine. We also facilitated the remote treatment of pregnant women with diabetes in 2022.

POINTS OF SALE AND SALES NETWORK

Telekom Slovenije has a broad network of points of sale: 17 Telekom centres and 52 authorised agents with 85 points of sale, and nine authorised agents who make sales exclusively in the field. We opened a new point of sale at Citypark in Ljubljana in September. We strengthened field sales with authorised agents, while we are available to customers at all times via video call at Telekom centres via the Viber and WhatsApp platforms, and via Microsoft Teams.

A sales team of 21 advisers at Telekom centres covers the needs of small and medium-sized enterprises for business services.

A field team comprising 16 advisers sells services to end-users across Slovenia. Those persons sell Telekom Slovenije services in different regions and also serve as ambassadors of our services in the field.

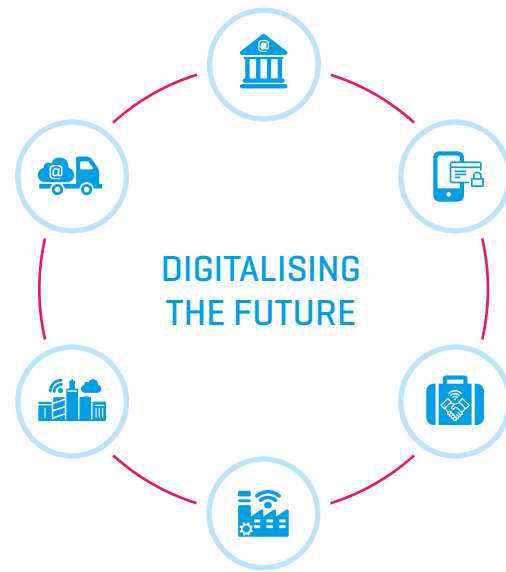
We expanded the 'Sales Excellence' programme to external sales channels. Five sales trainers organised more than 2,200 sales trainings covering more than 3,300 hours. We also certified agents for external sales channels.

We organised a one-day event for the network of authorised agents at which we presented results and plans for the future to 150 participants.

SOLUTIONS FOR BUSINESS USERS



We provide private- and public-sector business users comprehensive **ICT solutions**, for which we obtain the necessary certificates and partner statuses, and strengthen employee competences. Presented below are several of the most important partner statuses and certificates:



- **CSP** (Cloud Solution Provider) status and Direct Partner for the sale of Microsoft cloud services (Microsoft 365, Azure and Express Route). In that respect, we also supply Microsoft software through Service Provider Licence Agreements (SPLAs) and high-volume agreements (Open License and Open Value Program). We have Gold Partner Status for eight competences and Silver Partner Status for four competences. The most important are Gold Partner Status for Cloud Productivity and Cloud Platform, and Silver Partner Status for Security.
- **Premier partner status in the area of system integration** (Premier Integrator) for solutions based on Cisco and Gold Provider technologies for Cisco Powered Services (Cloud Managed Security; IaaS MPLS VPN).
- **HP Amplify Power Services Partner Status** – Managed Print Services and Print Lifecycle Services Specialist.
- We are registered with **HPE** as a Business Partner for the sale of server and network systems, and data storage systems, while we have the statuses of Silver Hybrid Cloud Specialist and Silver Aruba Specialist.
- **Platinum Solution Provider status for Dell Technologies**, which combines Dell, EMC, VMware and AirWatch, and security portfolio that primarily comprises RSA and CarbonBlack.

- **IBM ESA partner status**, which facilitates the inclusion of solutions from the IBM ESA programme for the area of security (ESA Security) in the management of Telekom Slovenije's security service.
- **Advanced partner** for the sale of the technical solutions from Fortinet with the acquisition of the Managed Security Services Partner (MSSP) status.
- **Veem Gold Cloud & Service Provider and Gold Value-Added Reseller partner status** for the provision of secure data storage services, the development of business continuity and disaster recovery services, and the resale or leasing licensed software.

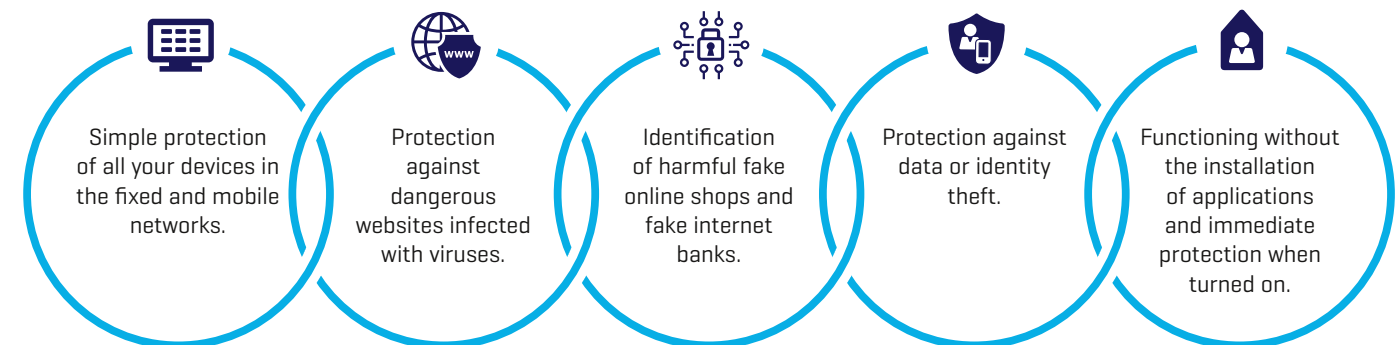
We are the leading provider of business telephony in the Microsoft Teams environment. Our comprehensive portfolio also includes our own services, such as management, maintenance, migration and various consultancy services.

In addition to the development of new services, we also upgraded existing services in 2022. We thus offered the most advanced business telephony and large business internet services to the subscribers of business packages. The emphasis is on reliability and security, in combination with the Safe Business Web and Safe Large Business Internet services.

Demand from major business users for fibre optic and DWDM connections has grown. We upgraded the speed of existing connections on virtual private networks (VPN).

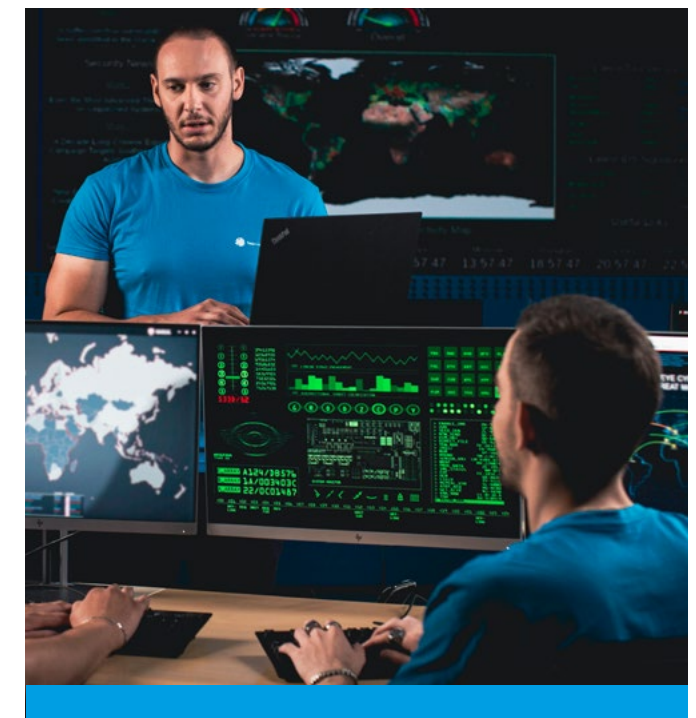
We continued with the development of **IoT solutions** in 2022 and, together with partners, presented important developments in the areas of smart industry, cities and agriculture, and remote meter reading, which is described in more detail in section [8.1.1 Development of the network, technologies and services](#).

SAFE IN THE BUSINESS WORLD

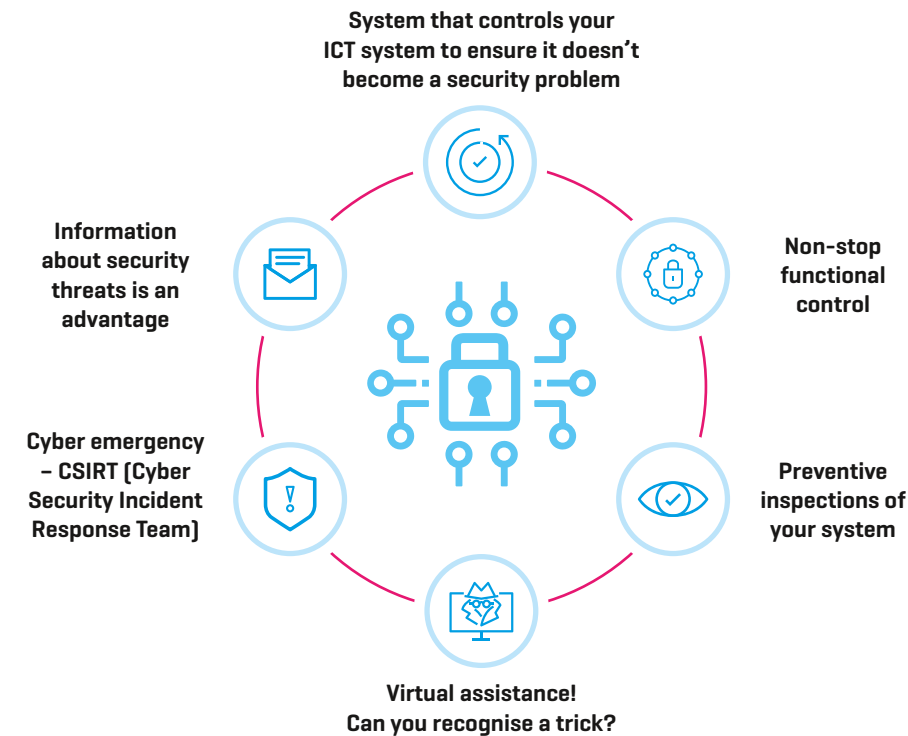


Cyber security is deemed one of the most important operational risks for companies and organisations. Those risks were exasperated in 2022 by the war in Ukraine. The Cyber Security Operation Centre (CSOC) monitors, analyses and responds to security events for Telekom Slovenije, and other organisations and companies according to the 24/7 regime. We provide CSOC services to large international companies and the managers of the critical infrastructure, as well as essential services to small and medium-sized enterprises. CSOC services are already used by more than 120 business users.

An integral part of the CSOC is the Telekom Slovenije Computer Emergency Response Team (TSLO-CERT), which is an accredited member of the community of Trusted Introducer response centres.



TELEKOM SLOVENIJE’S CYBER SECURITY SOLUTIONS AND SERVICES



INTER-OPERATOR SEGMENT

Domestic wholesale services

We recorded 3.4% growth in sales of broadband connections on the domestic wholesale market in 2022, with an increase in the number of connections on our fibre access network and a decrease in the number of connections on the copper network. We also recorded growth in the mobile operator access segment for national roaming and in virtual mobile network services.

Revenues were up by 19% relative to 2021, as the result of sales to operators who roam in our fibre optic access network and the leasing of our mobile infrastructure. Revenues (and thus costs) from inter-network traffic were also up.

International wholesale services

Revenues on the international wholesale market in 2022 were at the level recorded in 2021. We achieved growth in data services, primarily due to the monetisation of the fibre optic network on the Sofia–Milan and Sofia–Vienna connections.

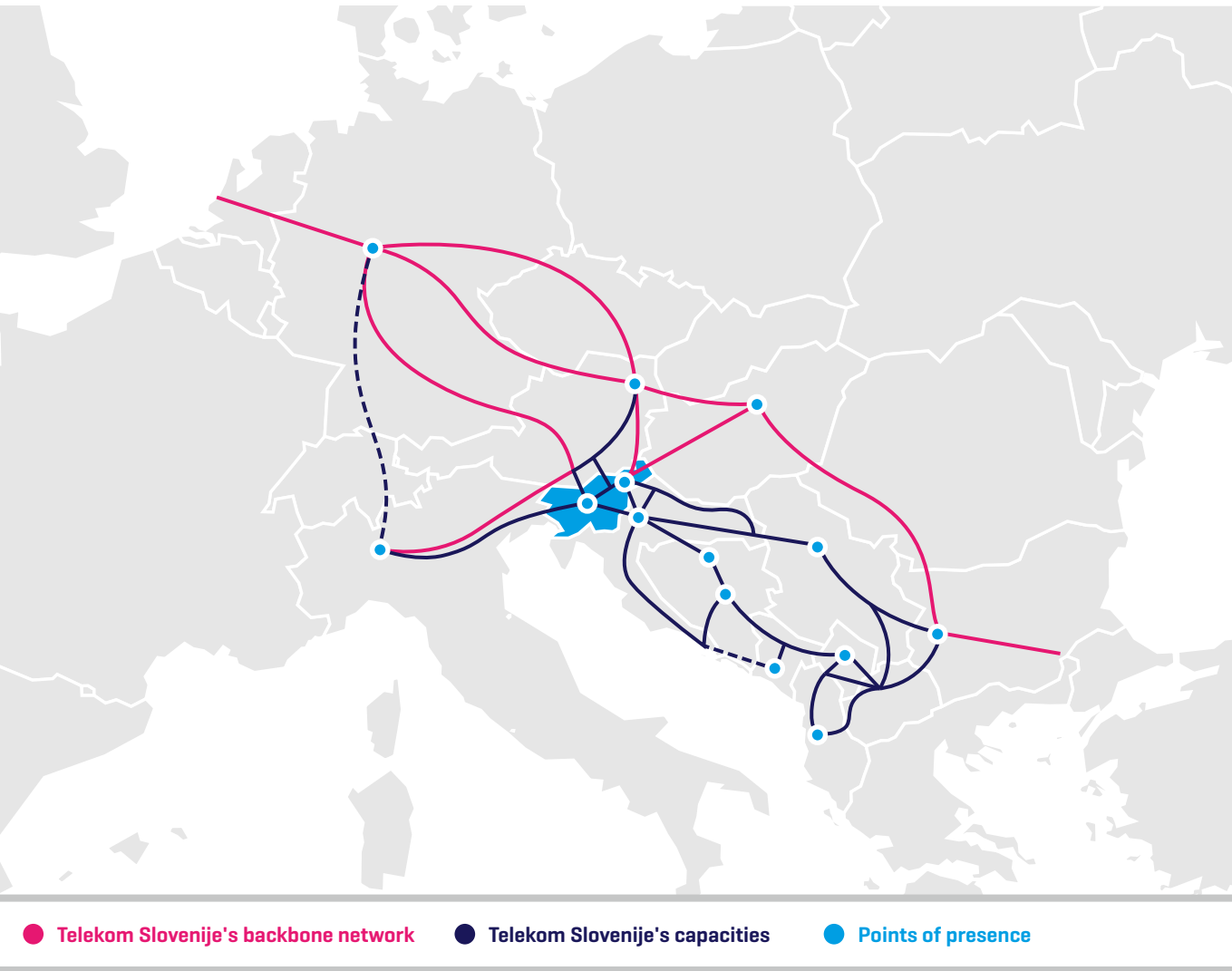
Travel restrictions (due to COVID-19) had a negative impact on roaming and voices services at the beginning of the year, while revenue growth was recorded during the summer. We recorded a drop in voice traffic, but maintained our strong market position despite that drop and falling prices. We will compensate for the loss of revenues and margin on voice services in the future by entering the international application messaging segment.

Telekom Slovenije’s network is used by all Slovenian operators who roam on our fixed broadband and mobile network. Our partners in the area of fixed access via fibre optic and copper connections are A1 Slovenija, T-2, Telemach, Mega M and Softnet, while we facilitate roaming on our mobile network by T-2, Telemach, Mega M and Softnet. In addition to providing them services, we make it possible for operators to use Telekom Slovenije’s passive telecommunications infrastructure, which includes antenna towers, and the leasing of optical fibres, cable ducts and co-locations.

The **regional fibre optic network** is based on Telekom Slovenije’s backbone network and represents a key strategic advantage on the regional data services market. The network provides an alternative link between the Balkans and other major hubs in Western Europe. We sell

free capacities on the regional network to our international partners and large end-users on the wholesale and retail markets. We modernised and upgraded the network to Frankfurt in 2022.

Telekom Slovenije’s regional fibre optic network



AVTENTA

Avtenta is the leading partner for managing and implementing SAP solutions and paperless operations on the Slovenian market. Through its services and solutions, the company helps companies progress faster on the path to digitalisation. It specialises in:

- the implementation of SAP ERP solutions;
- the implementation of paperless operations;

- the provision of expert support and assistance to more than 15,000 users of solutions (SLA); and
 - information support for business processes with standardised package solutions (SAPaaS and BCaaS) and integration with various systems.
- Avtenta generated net sales revenue of EUR 10.5 million in 2022, an increase of 22% relative to 2021.



GVO

GVO provides comprehensive solutions in the design, construction, management and maintenance of telecommunication networks. To that end, it carries out related activities, and participates in the design, construction and maintenance of major infrastructure projects. The company also participates in public-private partnership projects, and is building open broadband networks that are co-financed by the European Union and Slovenian government.

The company generated sales revenue of EUR 56.8 million in 2022, an increase of 7% relative to 2021. In 2022, the company pursued a strategy of diversifying revenue sources and thus recorded 25% growth in revenues on the market [i.e. from unaffiliated companies]. In addition, GVO achieved growth in revenues from the management and maintenance of open broadband networks, and in revenues from services for subsidiaries. The company generated lower revenues from investments and maintenance for the parent company.

SOLINE

Soline manages the Sečovelje Salina Nature Park (SSNP) and ensures the preservation of natural and cultural heritage within the park and for the traditional production of salt. It also offers salt-based cosmetic and food products, and manages the Lepa Vida Thalasso Spa.

Soline generated sales revenue of EUR 4.3 million in 2022, similar to the level generated in 2021. The company produced 2,394 tonnes of salt in 2022, an increase of 43% relative to 2021. The majority of Soline’s sales are accounted for by traditional salt, Piran salt with a protected designation of origin and fleur de sel. The company also exports its products, primarily to Germany, Austria, Italy and Japan.

A total of 7,574 guests visited the Lepa Vida Thalasso Spa during the 2022 season, an increase of 5% relative to the previous year and the most since the spa welcomed its first guests in 2013. Sečovelje Salina Nature Park recorded 50,732 visitors, which is similar to the pre-pandemic period. The majority of people visited the Lera area, where traditional salt production is carried out. The Fontanigge area recorded 5,269 visitors. For more information, see section 8.4 Environmental impact.

TSINPO

TSinpo is a service and disabled workers company that produces and markets cardboard sleeves and packaging under its own brand. It also provides business support services to other companies. The company’s primary

purpose is to provide a stimulating work environment for the long-term employment of disabled persons and persons from other vulnerable groups. In 2022, TSinpo made a major investment in a new, automated line of machines for the production and cutting of cardboard sleeves, which will be crucial for the company’s growth on the market. The company generated sales revenues of EUR 1.5 million in 2022, similar to the level generated the previous year.

TSMEDIA³³

TSmedia is the leading provider of digital media content and advanced advertising solutions, through the Siol.net online media, the Bizi business assistant, the only official telephone directory in Slovenia [itis.si], the najdi.si website and outdoor digital screens, and as Telekom Slovenije’s partner through targeted TV advertising on the NEO platform.

In 2022, TSmedia upgraded several functionalities in the Siol.net online media, modernised display equipment and expanded the network of digital screens that it manages [Maribor, Ptuj, Kranj, Nova Gorica and Murska Sobota]. It improved information security on the Bizi business assistant website and upgraded the stock market announcement sub-page. The company published the TIS 2023 telephone directory in print and DVD form, and upgraded the najdi.si website with additional zones for programmatic advertising.

TSmedia generated sales revenue of EUR 6.1 million in 2022, which is similar to the level generated the previous year. Revenues on the market were up by 6%, primarily as the result of the expansion of the network of digital screens, and the replacement of display equipment in the City of Ljubljana with higher-capacity equipment.

IPKO [KOSOVO]

IPKO in Kosovo provides users a comprehensive range of convergent mobile communication, fixed telephony, internet and cable TV services.

The company generated sales revenue of EUR 79 million in 2022, an increase of 11% relative to 2021. That increase was the result of intensive marketing activities, cross-selling campaigns and the upgrading of the sales function. Also having a positive impact on sales was an increase in the wholesale segment due to the successful implementation of the final phase of the ‘roam like at home’ regulation for countries in the Western Balkans.

IPKO remains the strongest brand amongst telecommunication companies in Kosovo.

7.6.3 BRANDS AND MARKET COMMUNICATIONS³⁴

KEY BRANDS OF TELEKOM SLOVENIJE GROUP COMPANIES



Telekom Slovenije is a corporate brand that is used for communication with all stakeholder groups (users, investors, shareholders, business partners, suppliers, employees and the media).

The Company manages the following brands:

- a platform for smart living that links the best solutions for home and entertainment in one place.
- a smart wallet that allows users to enjoy a free, mobile lifestyle to the fullest extent.
- a brand for the segment of users who want an advanced digital and prepaid offer.

avtenta.

Avtenta is a corporate brand.

The company covers medium-sized and large corporations and public institutions in Slovenia and the wider region. It combines advanced and verified business solutions for the optimisation and improvement of the efficiency of companies, organisations and public administration.

GVO

GVO is a corporate brand.

The company provides comprehensive and environmentally friendly solutions in the areas of project design, surveying and the construction, management and maintenance of telecommunications networks.



Piranske soline is a corporate brand. It represents a line of products made from salt, with an emphasis on the primary use of salt and traditional production.

Soline manages the following brands:
Lepa Vida – a line of natural cosmetic products.
Lepa Vida Thalasso Spa – an open-air spa in the middle of the salt fields.
SSNP [Sečovelje Salina Nature Park] – a park responsible for preserving nature and maintaining exceptional natural and cultural values.
Solnce – a line of boutique products from salt and fleur de sel.

TSinpo

TSinpo is the corporate brand of a disabled workers’ company that primarily provides business support services and produces cardboard sleeves.

TSmedia

TSmedia is a corporate brand.

The Company manages the following brands:
Siol.net – the leading Slovenian digital media.
Najdi.si – an access point to the Slovenian web.
TIS – the Slovenian telephone directory.
1188 – value-added call centre services.
ADsolution – a brand covering production services.
Bizi.si – a business directory.



IPKO is a corporate brand in Kosovo
The company provides comprehensive telecommunication services: mobile and fixed telephony, internet and cable TV.
Hejl – brand for the segment of young users.

The Telekom Slovenije Group had 254 registered brands at the end of December 2022. The full list of registered brands is accessible at <http://www2.uil-sipo.si/>.

33 GRI TA2

34 GRI 3-3



Through market communication activities, we continued to refresh the umbrella brand in 2022, while we also strengthened our reputation and awareness that we are the operator with the best services on the best network.

In 2022, we executed more than 110 advertising campaigns and projects in three segments (residential users, SMEs and large enterprises), while continuously adapting our offer and messages.

We designed the **Best Network For Every Moment** platform for communication with residential users. Through advertising campaigns, we communicated to users that modern, secure and reliable services allow them to capture the moment, truly enjoy it, and share it with friends,

family and acquaintances. We are aware of our social responsibility. We therefore communicated to users that they sometimes need to put down their mobile phones and step out of the digital world in order to truly experience moments.



We communicated with SMEs with the slogan, **We Create Simple Solutions. You Create Business.** We provided communication support to IT services, through which we provide immediate support in the event of computer problems.



Communication for the large enterprise segment is based on the 360° platform through which we emphasise the comprehensiveness of services and solutions. The emphasis in communications was on the importance of cyber security and comprehensive ICT services.

We continuously encourage users to collect old mobile phones and other devices. Thus, in the scope of the **Creating a Green Future** campaign, we planted 1,000 honey-bearing trees in exchange for old phones in 2022.



EVENTS, PROMOTIONS AND COMMUNICATIONS WITH USERS

We organised more than 80 events and webinars for users, and in excess of 70 promotions. Two events in particular are worthy of note. After three years, we seized the opportunity and organised a multi-day event in the Karst region, where we hosted representatives of **all major foreign operators**. In Vransko, we presented the **importance of safety and Telekom Slovenije's security solutions** to more than 80 users, and offered them a test drive on the safe driving course at the AMZS Safe Driving Centre.

We prepared more than 100 different print materials. We introduced the Viber channel in 2022 as a form of direct communication. We addressed users through more than 560 SMS and direct mail campaigns. We visited sporting events and trade fairs, as well as larger cities and smaller towns with the NEO house.

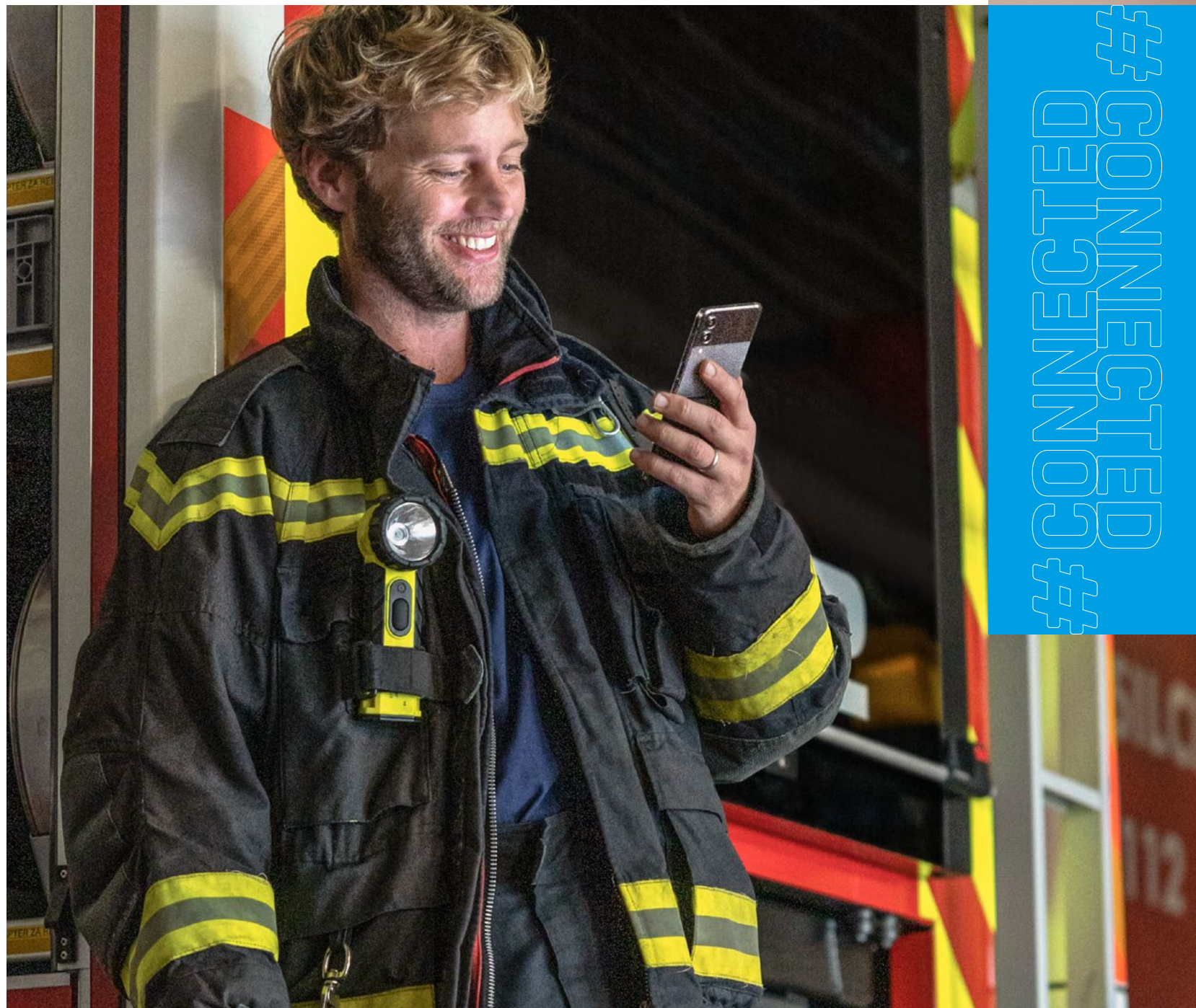
We carried out the **'Lightning-quick visit'** communication campaign again in 2022, through which we raised users' awareness about the consequences of lightning strikes, and advised users to disconnect their electronic devices from the electricity and communications networks during storms and when they are away for extended periods. For the subscribers of fixed services, we also provide the text-message alarm service, which provides real-time information regarding lightning strikes close to their connection.

Working closely together, Telekom Slovenije, Soline and TSinpo prepared sustainable gifts for our business partners at the end of the year. We upgraded traditionally well-received salt products in a sustainable manner with cardboard packaging from TSinpo, while our joint New Year's collection carried the overall message that the future is always in our hands.

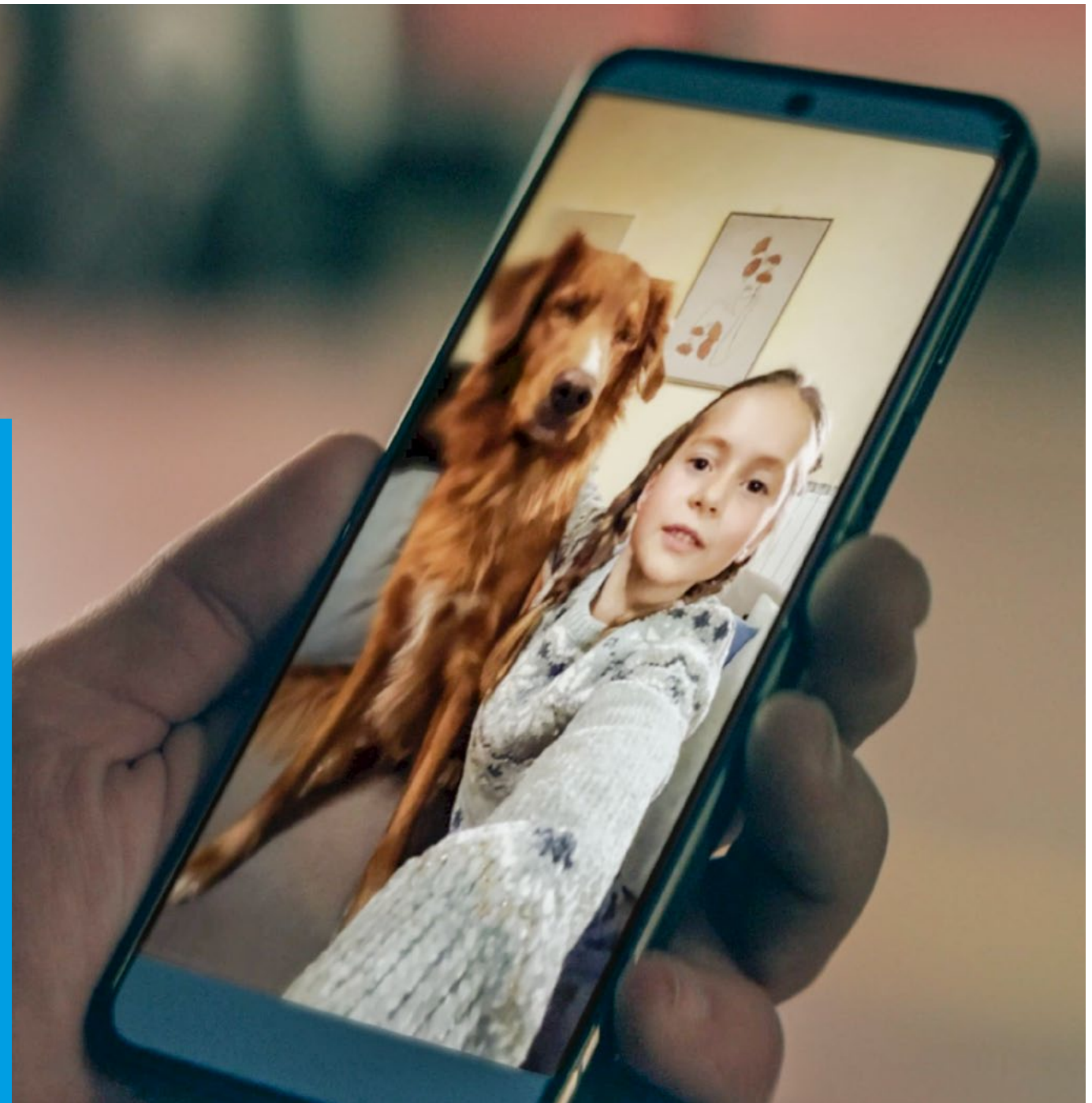


#CONNECTED WE DO GOOD

SUSTAINABLE ASPECTS OF OPERATIONS



#CONNECTED
#CONNECTED
#CONNECTED



We believe in the power of sustainability. In our thoughts and deeds. In this way, we do good. Good for our users and co-workers, as evidenced by certificates and recognitions, such as Family Friendly Company, Socially Responsible Employer and Top Employer. Doing good transcends all areas. Across operations, services, solutions, the forging of partnerships and relationships. We are responsive to the society in which we operate. We help those in need and support sporting, cultural and educational activities. When do good, we share good with others.

8 SUSTAINABLE ASPECTS OF THE TELEKOM SLOVENIJE GROUP'S OPERATIONS

The principles of sustainable operations are an integral element of the business processes of Telekom Slovenije and Telekom Slovenije Group companies, while the creation of a sustainable future is a key strategic policy. Our strategic objectives, and material sustainability aspects and topics are closely linked, and reflect the Telekom Slovenije Group's desire to create a sustainable future that combines the advantages of the digital and green transition.

Through our infrastructure and services and the most advanced solutions, we are contributing to Slovenia's development into a digital society. Through them, we are linking all stakeholders. We responsibly manage economic-governance, social and environmental impacts, and are integrating the principles of sustainability into our operations, products, services and content. We act in accordance with the highest ethical principles to that end.

8.1 DEVELOPMENT AND RESPONSIBLE GOVERNANCE OF THE TELEKOM SLOVENIJE GROUP

8.1.1 DEVELOPMENT OF THE NETWORK, TECHNOLOGIES AND SERVICES³⁵

Telekom Slovenije has had the leading network in Slovenia for more than 30 years. We take a responsible and sustainable approach to the management of the largest and most advanced fixed and mobile network, in which we provide subscribers the proven best user experience via continuous and systematic development, while ensuring reliable, stable and secure connectivity at the highest speeds through development and research projects.

As a signatory of the charter of the European Telecommunications Network Operators' Association [ETNO], we are committed to protecting the environment and efficient energy consumption, social and corporate responsibility, and the responsible management of employees and vulnerable user groups. Our sustainable activities also take into account the Sustainable Development Goals of the United Nations.

The responsible management of the Telekom Slovenije Group's impacts and achievements in the area of sustainable operations are presented throughout the annual report, which is integrated and compiled in accordance with the GRI standards, while the majority of disclosures are presented in this section.

RESEARCH PROJECTS

Through our cooperation in European projects, we develop new services and technologies, and test concepts for the development of new solutions over the next three to five years. We are thus involved in the international development environment, and work with domestic and foreign partners to open new business opportunities.

The majority of European research projects are being implemented under the auspices of the Horizon Europe programme, which is being co-financed by the EUR in the period 2021 to 2027. To that end, we focus on the development of new technologies, in particular the Internet of Things, cyber security, and support for critical communications and eCare. We received state aid in 2022 in the amount of EUR 20 thousand for research and development work in the fields of health and medicine, and smart cities and communities (co-financing under the public call, *Protecting Innovation Potential*, which represents *de minimis* aid).³⁶

Major research and development projects in which we participate:

- 5G-LOGINNOV,
- 5G-IANA,
- PRECINCT,
- SUNRISE, and
- ATLANTIS.

Together with international partners, we prepared and registered the following new projects: EdgeEVO, MEDUSA, SALUS and InterSOC.



The **5G-LOGINNOV** [<https://5g-loginnov.eu/>] project focuses on the 5G network, and the development of innovative logistics solutions in the scope of Industry 4.0. Solutions are being tested at ports in Koper, Hamburg and Piraeus. The project consortium comprises 15 partners from eight European countries, including three partners from Slovenia. It will be completed in September 2023.

We are setting up a development-test 5G network with additional MEC [Multi-Access Edge Computing] capacities in the vicinity of the Port of Koper in the scope of the project. That network is intended for the development and testing of solutions for optimising processes, increasing efficiency and reducing environmental impacts in the management of transport logistics. When testing solutions, we and our project partners use the latest fifth generation mobile network technologies and devices, sensors, automation, analytics and traffic management systems, including the use of self-driving freight vehicles.

In the scope of the project, we defined in detail examples of use and analysed the 5G network in order to make the necessary adaptations to the network in the test-development environment, taking into account the specific needs of ports.



The **5G-IANA** project [<https://www.5g-iana.eu/>] established an open experimental 5G platform for the needs of the automotive industry. The platform will be intended primarily for small and medium-sized enterprises, and will facilitate the development, set-up and testing of innovative solutions in connection with self-driving vehicles and communication between devices in vehicles.

The project, which will be completed in May 2024, includes 16 partners from eight European countries. In the scope of the project, Telekom Slovenije will provide the appropriate 5G infrastructure for evaluating the 5G test platform. We will also provide a cloud service infrastructure and the necessary virtualised environment, in which partners will establish virtual network functions [VNFs].



PRECINCT

The **PRECINCT** project [<https://www.precinct.info/>] connects critical infrastructure managers to protect against cyber threats and natural disasters in a specific geographical area.

In the scope of the project, we are developing tools to identify security vulnerabilities and various measures for the more effective protection of the critical infrastructure through simulations and the use of artificial intelligence technologies. These concepts will then be used in other EU regions for the upgrading of existing security mechanisms, which will contribute to the increased security of the population and the improved reliability of the European critical infrastructure.

The project is expected to last until the end of September 2023, and will include 40 international partners from different European countries, including seven from Slovenia. With those Slovenian partners, we are establishing a test environment to ensure the security of the critical infrastructure at the Ljubljana train station and the surrounding area.

35 GRI 3-3, 203-1, 101

36 GRI 201-4



SUNRISE

October 2022 marked the launch of the European **SUNRISE** project [<https://cordis.europa.eu/project/id/101073821>], which will run for three years. Telekom Slovenije is the only telecommunications operator involved in the project. The aim of the project is to develop solutions that will facilitate the cooperation of different links in the critical infrastructure, and will ensure improved readiness and equipment for the joint management of the risks brought about by pandemics.

The project addresses various aspects, such as cyber security and business continuity, the recovery and development of socially relevant public structures, with an emphasis on sustainability and green recovery in accordance with the 'build back better' principle. To that end, partners will identify key services and develop an efficient operational model for use when a pandemic is declared.

The project includes 41 European partners, 10 from Slovenia. Telekom Slovenije provides a modern information infrastructure and connectivity via the 5G network for secure and reliable communication. Our experts will also contribute their expertise to other joint activities.

ATLANTIS

The aim of the **ATLANTIS** project [<https://www.atlantis-horizon.eu/>] is to improve the critical infrastructure's resilience to cyber and physical attacks. Through the project, we are upgrading knowledge of systemic risks and vulnerabilities, while we will develop new flexible and adaptable security measures and tools. The aim of the project is to improve cooperation between critical infrastructure managers and other stakeholders. The project includes 39 European partners.

DEVELOPMENT OF THE NETWORK AND SOLUTIONS³⁷

Fixed network

Our fixed access network ensures broadband coverage, and the high performance of the cable network and active access devices. We continued to modernise radio and fibre optic access networks in 2022, while development activities focused on the Internet of Things, 5G technology and the provision of services through the mobile network.

We overhauled the aggregate element of the MPLS backbone network and completed the upgrade of the network core. We established a single, modern network of data centres, and have already completed the partial modernisation of the internal business network infrastructure. This facilitates the high availability of network services and cyber security through the introduction of the 'zero trust' concept. In all of our network solutions, we ensure the energy efficiency of devices and the reduction of operating costs.

With regard to the sever infrastructure and infrastructure for mass data storage, we completed the partial upgrading of the hardware and software platform of the virtualised environment and the second phase of the upgrading of the central disk array. We further optimised connections with international networks and increased capacities, in part through the implementation of so-called peering connections with major IT companies, such as Meta and Amazon. We also optimised traffic through the use of special devices for the temporary storage of traffic [caching], which is required by a large number of users.

FTTH fibre optic access network and access devices

We are further expanding and upgrading Telekom Slovenije's fibre optic network, which has provided users transfer speeds of up to 1 Gb/s since 2007, and up to 10 Gb/s upon request. We facilitated the connection of an additional 30,909 Slovenian households to the fibre optic infrastructure in 2022. Together, more than 442,000 households in Slovenia have access to the fibre optic network. We thus provide users higher internet speeds and a superior user experience in terms of broadband content. At the same time, we are improving the cost efficiency of the system and contributing to the achievement of the objectives of the Digital Agenda for Europe until 2025 [Connectivity for a European Gigabit Society].

We are gradually migrating from the copper network to the fibre optic network; on the copper network, ADSL2+ technology is making way for VDSL2 technology, which facilitates higher speeds and improved transmission symmetry.

We are building the network in city centres and in rural areas, in line with the development strategy, economic criteria and the interest of users. In that respect, we are consistently fulfilling all commitments we have given regarding the construction of a fibre optic network in locations where we have expressed market interest. We are working with municipalities, local communities and other infrastructure operators in the joint construction and upgrading of the infrastructure, and are thus facilitating the more rapid and efficient construction and connection of users to the broadband network. We are also expanding fibre optic connections to base stations and connections for business users.

Transmission systems

We expanded the DWDM ROADM network in 2022, and included 100 G and 10 G interfaces. In CWDM transmission systems, we upgraded 1 G interfaces to 10 G in accordance with needs for MSAN uplinks and base stations.

We continued with the construction of the distribution network for the synchronisation of the 5G network, and also tested and implemented connections. We optimised the SDH network taking into account trends of the exclusion of TDM connections.

On the regional fibre optic network, we constructed the coherent Ilok-Belgrade-Sofia section, and included additional 100 G and 10 G connections. Amongst major projects were the inclusion of 4 x 100 G connections on the Sofia-Vienna

section and the protection of 4 x 100 G connections on the Sofia-Milan section.

Radio network

We continuously update the mobile network, software and equipment with 4G and 5G technologies. We are increasing the capacities of base stations due to the rising volume of mobile data traffic, and improving the external and internal coverage of the mobile radio signal, in part through the construction of base stations at

new locations. We discontinued the use of the 3G network in October 2022 in our efforts to follow guidelines on the use of the frequency spectre for advanced 4G and 5G technologies.

The following were connected to Telekom Slovenije's radio access network in Slovenia at the end of 2022:

- 1,498 GSM base stations,
- 1,507 LTE/4G base stations, and
- 325 5G base stations.

We are upgrading the 5G network according to the non-stand-alone [NSA] principle and are planning upgrades according to the stand-alone [SA] principle. We increased the number of 5G base stations to 325 in 2022. We ensure coverage with the 5G network in the 2,600 MHz, 3,600 MHz and 700 MHz frequency bands, primarily in cities, business centres and along transport routes, and also in some rural areas. 5G technology has brought users faster and more reliable mobile data transfer. We are planning the smart 5G infrastructure in such a way that facilitates numerous virtual dedicated networks for specific business verticals, such as eHealth, energy, transport, logistics, factories, smart cities and communities, etc.



We increased the number of 5G base stations to 325, while more than 40% of the population is already covered by the 5G network.

We currently cover more than 97% of the population with the LTE/4G network, more than 84% of the population with the LTE-A/4G+ network, and more than 40% of the population with the 5G network. We included an additional 59 small cells for the needs of internal coverage.

Users’ needs for even higher-capacity mobile internet access continue to grow every year. The trend of rising data transfer quantities continued in 2022. The user experience in our mobile network remains superior.

In the area of technical user support, we supported new services and products, such as eCare, NEO Lite and the IoT. We actively provide key business users ‘service desk’ support with the highest service level agreement [reporting time, fault clearance time]. We are continuing the development of automated communication with users, upgraded the Maks application and adapted the system in the area of fixed communications.

In the scope of technical user support, we made **1,386,510 different contacts** (incoming, outgoing, SMS, email and the digital adviser Maks) in 2022. The digital adviser Maks recorded **38,647** contacts with users, an increase of 25% relative to the previous year.

Most advanced Cyber Security Operation Centre

The number of attacks and attempted attacks on individuals and companies is on the rise, with that number

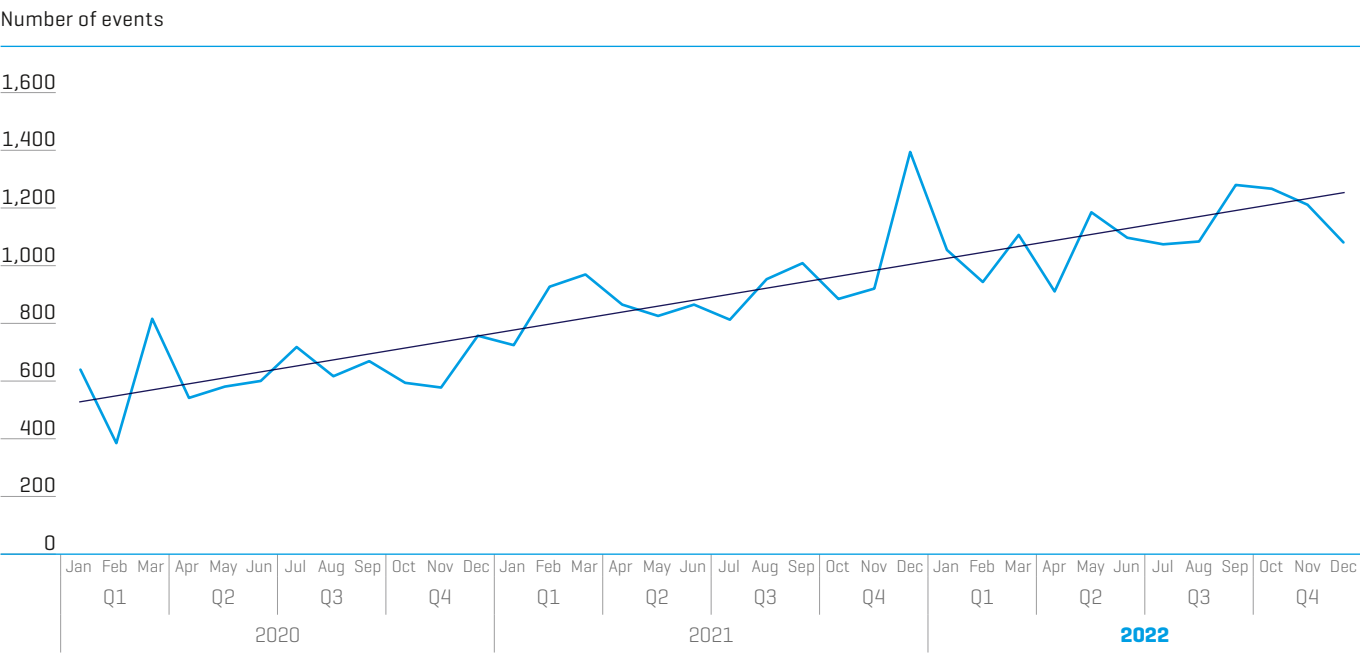
increasing by one-fifth in 2022 relative to the previous year. **Telekom Slovenije’s Cyber Security Operation Centre (CSOC)**, which is the most advanced centre of its kind in Slovenia and represents an important pillar of cyber security, has noted a sharp rise in abuse and cases of attempted abuse. The most frequently used methods of attack used by hackers to target individuals and companies are malware (worms, trojans, etc.) and ransomware, which attackers deliver to victims mainly with the help of phishing or via the vulnerabilities of software. Distributed denial-of-service (DDoS) attacks, network scanning and the search for security holes have become part of everyday life.

The main focus of the CSOC in 2022 was on the automation of work, risk management, the provision of services to a large number of new users, and the introduction of new tools and concepts for managing cyber security. We strengthened employee competences, participated in various international exercises (NATO Cyber Coalition 2022, CTF Capture the Flag, etc.) and worked with international cyber security organisations (e.g. Enisa Cyber Europe 2022).

We introduced predictive cyber security services, in the scope of which we monitor events on the web for companies, from ordinary websites to the dark web and closed hacker groups. In that respect, we search for stolen data and other information that would indicate that an organisation already was or is the potential target of a hacker attack.

Trend in the handling of security incidents by the CSOC

Trend in the number of security events handled monthly in 2020, 2021 and 2022



Smart industry and cities

Together with the company Metronik, we developed an **innovative platform for the digitalisation of industry** in connection with the industrial Internet of Things. The platform is intended for the monitoring and optimisation of production machinery. It allows industrial companies to monitor the functioning of machinery in real time, to improve the utilisation and availability of machinery and to perform predictive maintenance.

In the area of meter reading, Telekom Slovenije and its partners, Kolektor Sisteh, DS Meritve, CMC Group and Infotim Ržišnik Perc, established a pilot project for Rižanski vodovod Koper for the **remote reading of water meters** at more than one hundred locations in Koper, Izola and Podgorje. As the first such system in Slovenia, it facilitates the remote reading of meters and the more precise charging of supplied water, detailed control over the water network, the optimal management of water sources, the digital monitoring of consumption, the identification of faults and losses, and rapid intervention in the event of water spills in customers’ premises. The solution is in line with the long-term strategic policies of the European Commission regarding climate neutrality and the reduction of the carbon footprint.

In the area of **smart agriculture**, we completed the first season of a pilot project in Goriška Brda in the area of smart viticulture with remote pest control. The project, which includes Klet Brda, the Municipality of Brda, Telekom Slovenije and EFOS, has 24 traps in a selected area of Goriška Brda for the remote control of the European grapevine worm [*Lobesia botrana*] and the vine moth [*Eupoecilia ambiguella*].

We also continued with the development of the **Smart City platform** and, in addition to traditional IoT solutions, offered municipalities solutions for the digitalisation of relations and transactions with other municipalities. The participatory budgeting solution was very well-received by both municipalities and users (citizens), as we also facilitated the submission of opinions and voting on the financing of municipal projects. We are implementing a smart mobility solution in the Municipality of Celje, and will establish two central communication stations in the Municipality of Šmartno pri Litiji. A central communication device represents our solution for smart cities which, in the form of a street light to complement smart public lighting, also facilitates the monitoring and analysis of different

factors for the improved planning and management of resources, and the provision of public services such as electric vehicle charging, an overview of available parking spaces, etc.

NEO platform

Data indicate that Slovenian users are extremely receptive to technological innovations, as in a little more than four years, more than 120,000 Telekom Slovenije subscribers have begun searching for TV content by voice, i.e. by saying what they would like to watch: the title of a movie or series, the name of an actor, a TV programme, a sporting event, etc. Telekom Slovenije introduced the voice-controlled search for TV content, in the Slovene language, at the end of 2018 with the **NEO TV platform**, a solution that is the result of the development efforts of the Company’s experts. For this reason, the platform adapts continuously and rapidly to the habits of Slovenian TV viewers. In 2022, we transitioned to a new generation of NEO Smartboxes with more powerful hardware, upgraded the user interface and facilitated the back-viewing of content using thumbnails.



We ensure the **smooth functioning of the network and services** 24 hours a day, every day of the year. The reliability of the network is seen in a high level of availability, which exceed the established objectives and was 99.99% in 2022. The average duration of network disruptions was 0.18 hours during the year. The average actual continuous data transfer speed in Telekom Slovenije’s network is illustrated in the table below.³⁸

	Residential users	Business users	Mobile network
IP traffic, average in Gbit/s			
download	808.6	36.9	34.8
upload	54.1	22.0	4.7

38 SASB: TC-TL-520a.2, TC-TL-550a.1; GRI PA4



8.1.2 COMPLIANCE, COMPETITION PROTECTION AND AUDITING

COMPLIANCE AND ANTI-CORRUPTION³⁹

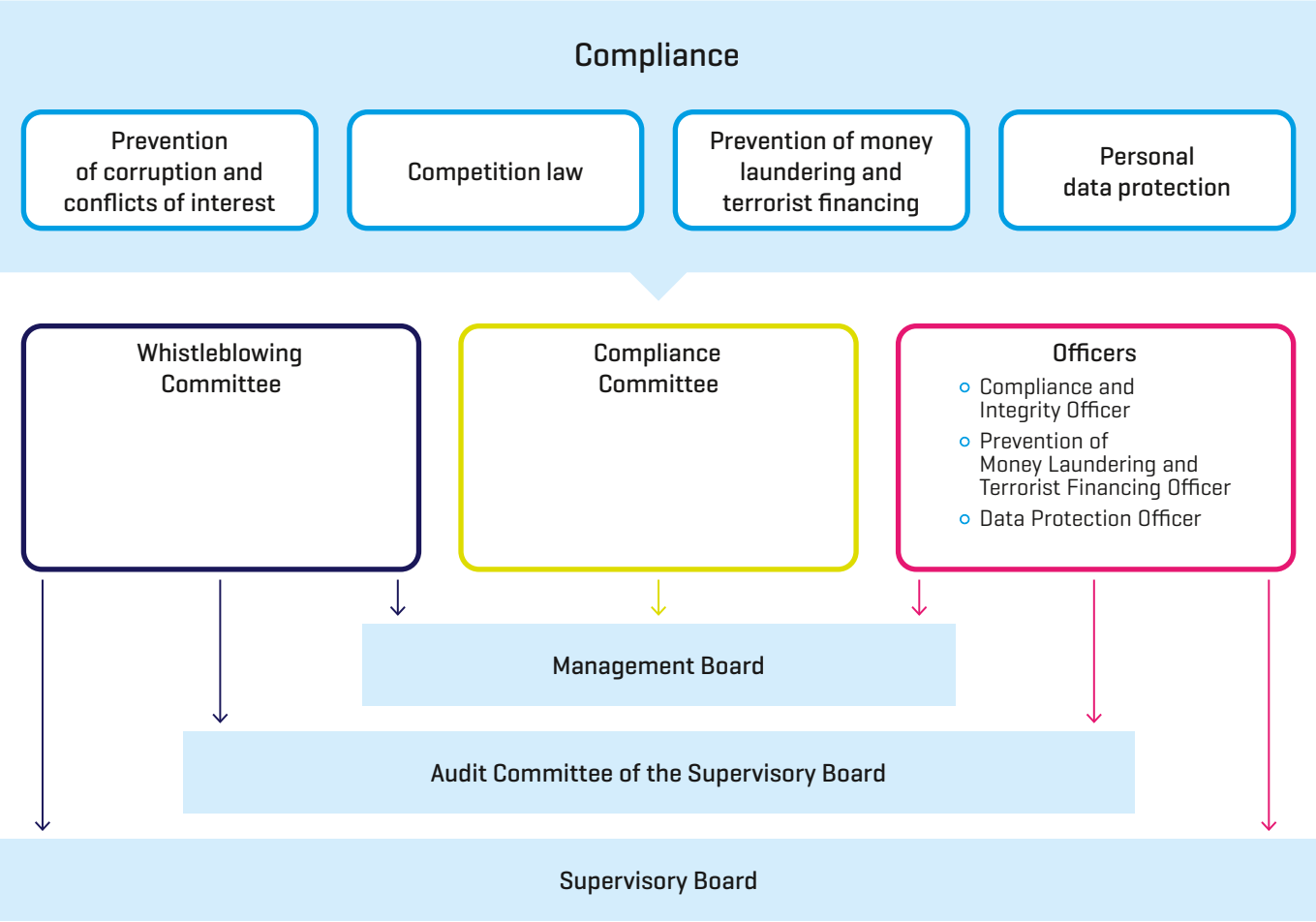
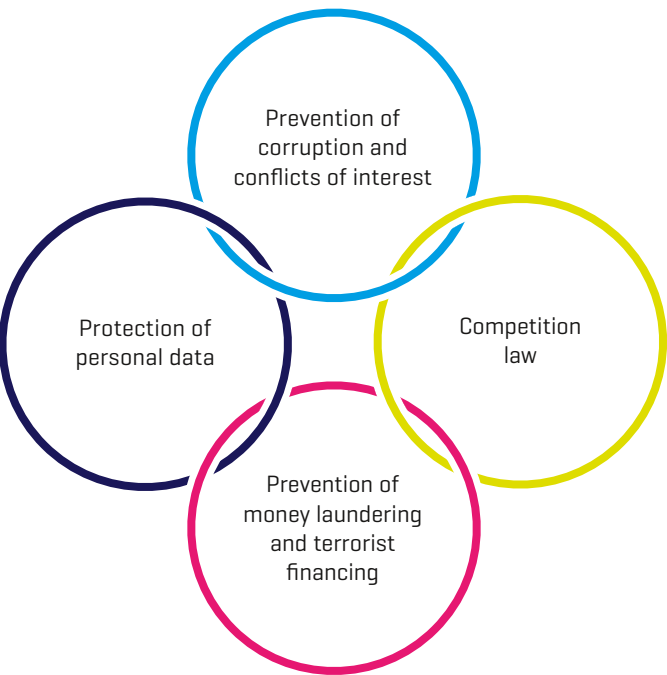
Through its established compliance management system, the Telekom Slovenije Group ensures that operations are in line with the law, other regulations and internal acts. We have identified compliance as a crucial element for long-term successful operations, and for the protection of the rights and legitimate interests of all stakeholders. We continuously build on the ethical culture and protect the reputations of Group companies.

The **Code of Ethics of the Telekom Slovenije Group** defines the basic principles of operations and the responsibilities of employees in mutual relationships, and in relationships with the users of services and all other stakeholders. It commits us to fair and transparent operations, to the protection of personal data, the protection of human rights, information and business data, to the avoidance of conflicts of interest and the pursuit of personal interests, to the prevention of corrupt acts, money laundering and the restriction of competition, and to report dishonest conduct. Certain areas of the aforementioned code are defined in more detail in other internal acts. The content of the code is verified and updated, as required, by the compliance and integrity officer. We present the importance of ethical and business standards for successful operations regularly to employees during training. The code is published on the Company’s website.

Compliance is governed by the **Telekom Slovenije Group’s Compliance Management Policy**, which applies to all Group companies.

KEY AREAS OF THE COMPLIANCE MANAGEMENT SYSTEM

The compliance management system is based on the identification and mitigation or management of risks. To that end, special emphasis is placed on measures relating to the prevention of corruption and conflicts of interest, competition law, personal data protection and the prevention of money laundering and terrorist financing. Playing an important role in that process are the prevention of irregularities through preventive actions, and rapid and effective measures in the event of identified breaches.



Telekom Slovenije has appointed designated persons for specific areas of compliance who perform their functions independently, and report directly to the Management Board and the Audit Committee of Telekom Slovenije’s Supervisory Board on a quarterly basis with regard to activities performed and measures adopted to mitigate risks in the area of compliance.

Prevention of corruption and conflicts of interest, and ensuring compliance with competition law

The **Integrity Plan of Telekom Slovenije** is updated every year. That plan includes identified risks, a risk analysis, adopted measures and further activities aimed at ensuring a high level of compliance. We will gradually implement the Integrity Plan at subsidiaries as an additional mechanism.

We introduce ethics and business standards along the entire value chain. To that end, we have adopted the **Code**

of Conduct for Suppliers of the Telekom Slovenije Group. We integrate the content of that code into business relationships with suppliers.

Through the **Rules Governing Conflicts of Interest**, we define the activities expected of employees to prevent the occurrence of conflicts of interest and manage them when they arise. Those rules cover the issuing of a statement regarding conflicts of interest for management staff and define the role of the Compliance Committee. They also include basic rules on lawful lobbying before the bodies of the central government and local communities, and the holders of public authorisations.

With the aim of managing conflicts of interest, the rules of procedures of both the Management Board and Supervisory Board include substantive provisions regarding the conduct of an individual member of a body who finds themselves in circumstances that constitute conflicts of interest.

39 GRI 2-12, 2-13, 2-16, 2-23, 2-24, 2-25, 2-26, 3-3



In its operations, the Telekom Slovenije Group complies with the provisions of valid legislation governing related-party transactions. For this reason, the conclusion of related-party transactions requires the prior consent of the Supervisory Board in certain cases, as well as the publication of such transactions in some cases. A procedure is in place to verify the existence of such transactions. No transactions of this type were recorded in 2022.

We define the aforementioned area in detail in the **Rules on the Acceptance and Offering of Gifts and Invitations**. We thus ensure the unbiased, objective and professional performance of work tasks and adoption of business decisions.

Employees are obliged to report every identified or potential breach of the Code of Ethics or other internal acts, as well as unlawful, unethical and otherwise questionable conduct. We regularly inform employees about the importance of such disclosures. Employees and other stakeholders may file reports via various channels, where confidential treatment is ensured. The system for receiving, handling and investigating reports is set out in the **Rules on the Management of Reports and Protection of Whistleblowers**. Those rules also govern the protection of whistleblowers and the prohibition of retaliatory measures. The **Whistleblowing Committee** is responsible for the receipt, handling and investigation of complaints, and proposes the adoption of measures when breaches are identified, and for reporting its findings to the Management Board, Audit Committee and Supervisory Board. Two reports were received in 2022 from external and internal whistleblowers. A breach of the Telekom Slovenije Group’s Code of Ethics was identified in one case with respect to the manner of communication, while no breach was identified in the other case.

The Telekom Slovenije Group manages potential risks associated with corruption in sponsorship and donation activities through the **Rules on the Treatment and Approval of Sponsorships and Donations**. Those rules are in line with the Code of Ethics, which states that Group companies may not use financial resources or in any other way support political parties.⁴⁰

No cases of corruption were identified and confirmed within the Telekom Slovenije Group in 2022.⁴¹

We follow rules in the area of competition law in our operations. With the **Rules on Ensuring Compliance with**

Competition Law, we define a competition law framework, prohibited conduct and how employees should conduct themselves in business activities. By regularly informing and training employees, we contribute additionally to the management of such risks.

PROTECTION OF PRIVACY AND PERSONAL DATA⁴²

The protection of privacy and personal data is important for maintaining trust in the Telekom Slovenije Group and its services.

Telekom Slovenije processes a large quantity of personal and other data relating to users, and to other stakeholders [e.g. employees and business partners]. In 2022, we updated internal acts that lay down measures and procedures for ensuring the appropriate protection of data, and organised mandatory training for all of the Company’s employees.

Through regular training, we ensure the necessary level of awareness and knowledge of employees and authorised agents regarding the processing of personal data and information security.

We ensure the communication privacy of users. Based on the law, we are obliged to submit data regarding users to official authorities and facilitate the lawful interception of communications. We thoroughly review and discuss every such request. We received 1,889 requests from official authorities for user data in 2022, and rejected 39 requests as inappropriate.⁴³

Three supervisory proceedings were carried out at Telekom Slovenije in 2022 by the Information Commissioner, but had not yet been completed by the end of the year. Two procedures began in 2020 and 2021, while one misdemeanour procedure in connection with an event in 2019 was halted in January 2023 without sanctions against the Company. In 2022, we received 126 reports of events from users in connection with their privacy, which is double the number of reports in the previous year. We recorded an increase in 2022 in the number of incidents and cases of abuse in the conclusion of agreements involving the purchase of a device. For this reason, we have already established additional mechanisms for verifying user data in the conclusion of agreements, with additional measures on the way. We protect the rights of individuals when handling incidents. In no cases were breaches that could threaten the rights and freedoms of individuals identified. There was thus no reason to file reports with

supervisory authorities. There were likewise no breaches of personal data protection identified in any of the events handled. IPKO received a total of five complaints of potential breaches of the protection of users’ privacy, four of which were filed by users. In one case, the supervisory authority in Kosovo requested an explanation from the company. We did not record any losses in 2022 from legal proceedings as the result of events in connection with privacy or the protection of the personal data of individuals.⁴⁴

We continuously update measures to protect personal and other data. To that end, we take into account both assessed risks and previously introduced internal controls, as well as experience gained in the handling of incidents, the recommendations of professional associations and best practices.

PREVENTION OF MONEY LAUNDERING

Telekom Slovenije is bound to comply with the **Prevention of Money Laundering and Terrorist Financing Act**, as it provides payment services [VALÚ Moneta] and electronic money issuing services [VALÚ], and also transacts in own real estate.

In accordance with the requirements of the new Prevention of Money Laundering and Terrorist Financing Act [ZPPDFT-2] and Banka Slovenije’s new guidelines, we have adapted money laundering prevention processes and measures.

In accordance with a Banka Slovenije request, we are also verifying whether payment services and electronic money issuing services are rendered in connection with persons against whom restrictive measures have been imposed as a result of the war in Ukraine. We did not identify any such transactions in 2022, nor did we identify any transactions involving the suspicion of money laundering or terrorist financing.⁴⁵

RESPECT FOR HUMAN RIGHTS⁴⁶

The Telekom Slovenije ensures a positive impact on people and society, as well as respect for human rights at all levels of operations.

We adopted the **Rules on the Respect of Human Rights** in 2022. Those rules provide guidance on how to identify, prevent and rectify possible cases of failure to respect

human rights in the workplace, and define procedures and measures to ensure that human rights are respected. We appointed a **human rights officer**, with that function being performed by the Management Board member who serves as Workers’ Director. Her role is to establish and monitor control mechanisms and manage preventive measures in the area of human rights, as defined in the above-described rules.

At the end of 2022, Telekom Slovenije carried out a comprehensive review of respect for human rights in order to define key risk indicators in connection with the breach of human rights. During that review, we focused on rights relating to the Company’s mode of operation. We did not identify any beaches of human rights. The final report included recommendations regarding the need to continuously raise awareness about the importance of human rights, a review of the respect for human rights in the procurement process, and the introduction of best practices and the raising of awareness amongst users.

Telekom Slovenije is a signatory of the Commitment to respect human rights in the course of operations, which is part of the National Action Plan of the Republic of Slovenia on the Respect of Human Rights in Business.

We also expect our suppliers to respect human rights, which we oblige them to do through the Code of Conduct for the Suppliers of the Telekom Slovenije Group.

COMPLIANCE TRAINING⁴⁷

The Telekom Slovenije Group organises regular training, workshops and e-learning on the subject of compliance for employees and authorised agents. We also raise awareness about the importance of compliance, and provide information about specific activities and previously implemented mechanisms in this area via the intranet or email.

In 2022, employees at Telekom Slovenije received a total of 291 hours of training regarding the detection and prevention of money laundering and terrorist financing, and the prevention of corruption and conflicts of interest, as well as a total of 592 hours of training regarding information and cyber security and social engineering. Telekom Slovenije employees received a total of 994 hours of training in the areas of personal data protection and the handling of confidential information, while employees at Soline and Avtenta received 8 hours and 46 hours of training in those areas, respectively.

40 GRI 415-1
41 GRI 205-3
42 GRI 3-3, SASB: TC-TL-220a.1, TC-TL-230a.2
43 SASB: TC-TL-220a.4

44 GRI 2-25, 418-1, SASB: TC-TL-230a.1, TC-TL-220a.3
45 GRI 205-3
46 GRI 2-25, 3-3
47 GRI 2-23, 205-2



Employees at IPKO received a total 4,895 hours of training regarding personal data protection and non-discrimination in the workplace. One employee at TSinpo received 100 hours of training to obtain the Workplace Inclusion Champion certificate in the scope of the Diversity Charter, which is based on human rights and non-discrimination in the workplace.

INFORMATION OF A PUBLIC NATURE

In accordance with the Access to Public Information Act [ZDIJZ], we publish on the websites of Telekom Slovenije and individual subsidiaries basic information regarding representatives, members of management and supervisory bodies [the agreed amount and payment of remuneration to those bodies], and regarding transactions concluded in connection with donations, sponsorships, consultancy and copyright or other intellectual services [type of transaction, contractual partner, value of transaction, date of conclusion and duration of transaction].

We published 383 proactive announcements in accordance with the ZDIJZ in 2022 and handled 11 new requests for access to information.

All companies in Slovenia have an officer responsible for reporting information of a public nature. Employees at Telekom Slovenije have an internal portal at their disposal with all relevant information. Contact data for the submission of requests for electronic access to information of a public nature can also be found on the websites of Telekom Slovenije and subsidiaries.

REPORTING ON TAXES⁴⁸

The area of taxes is governed at Telekom Slovenije by the internal act, ‘**Organisation of the Tax Function at Telekom Slovenije, d.d.**’, which was approved by the Company’s Management Board. The Finance and Accounting organisational unit is responsible for drafting and monitoring the tax policy.

Telekom Slovenije Group is committed to legally compliant operations. Tax-related risks are therefore unacceptable. We have in place internal controls and procedures in accordance with the Methodology on the Self-Assessment of Internal Controls and Reporting, which ensures proper tax treatment.

The internal act, ‘**Tax Strategy and Tax Management within the Telekom Slovenije Group**’, defines a tax policy, the management of tax risks and transfer prices. The underlying principle of the tax policy is the functioning of

all Group companies in accordance with the tax legislation in the countries where those companies are registered to perform an activity.

The Telekom Slovenije Group’s tax policy has been defined to ensure the appropriate organisation and functioning of the tax function, with the aim of optimising the tax burden through the accurate, lawful and timely calculation and payment of taxes.

Tax-related risks are included in risk assessment and reporting. The catalogue of identified risks includes risks associated with compliance with tax legislation, i.e. the accurate and timely fulfilment of all types of tax obligations.

Telekom Slovenije reports on taxes for itself and the Telekom Slovenije Group, while subsidiaries report for themselves in accordance with the laws of the countries in which they are registered. Subsidiaries are obliged to establish the appropriate internal controls, and to report all deviations from the provisions of the adopted tax policy to the parent company regularly and in a timely manner.

Every subsidiary must define the areas and adopt the general guidelines set out in the tax policy independently,



taking into account valid laws in the specific tax jurisdiction in which a company operates.

Telekom Slovenije cooperates with the tax authorities in the course of ordinary operations, while complying with valid legislation and fulfilling all tax obligations [registration, record keeping, accounting, reporting, payment, etc.] in a timely manner.

COMPETITION PROTECTION AND PROCEEDINGS BEFORE THE COURTS AND OTHER BODIES⁴⁹

No new proceedings were initiated against Telekom Slovenije or its subsidiaries in 2022 due to the potential breach of competition protection rules. There were two proceedings in this area before the Competition Protection Agency [AVK] in previous years. Those proceedings are still pending.

Telekom Slovenije was party to the following significant proceedings before the courts in 2022:

- On 4 May 2022, Telekom Slovenije received a countersuit filed against the Company by POP TV and Kanal A for the payment of damages in the amount of EUR 58,154,012.16 with appertaining amounts. That amount represents damages that the plaintiffs allegedly incurred for the underpayment of remuneration for the distribution of TV programmes in the period 16 February 2017 to 31 March 2022. That countersuit was filed in response to a lawsuit filed against those two companies by Telekom Slovenije on 29 December 2021 due to the partial annulment of the associated agreement and the overpayment of remuneration for the distribution of TV programmes [value of the dispute: EUR 12,346,337.52]. Telekom Slovenije responded to the countersuit by the legally prescribed deadline.

Provisions for obligations arising from legal actions are disclosed in the accounting report in point [32 Provisions](#).

EXTERNAL SUPERVISION PROCEEDINGS⁵⁰

The Telekom Slovenije Group has established the uniform recording and monitoring of external supervision proceedings initiated against the Company and/or its responsible person, and outlined the conduct of employees in such proceedings. We define external supervision as an examination of the Company’s operations to verify compliance with legal or contractual provisions or standards in the performance of its activities.

There was a total of 52 external supervision proceedings within the Telekom Slovenije Group in 2022: 33 at Telekom Slovenije and 19 at subsidiaries. A total of 65 external supervision proceedings were completed, 49 at Telekom Slovenije and 16 at subsidiaries. Inspection authorities did not impose any fines on the Company or its responsible person.

AUDITING

Internal auditing

The **Internal Audit Service** [IAS] performs transactions for all Telekom Slovenije Group companies, and provides internal auditing services for two subsidiaries as an external contractor. The IAS performs its work in accordance with expert bases, included in the Hierarchy of Internal Auditing Rules and the Rules of Procedure for Internal Auditing within the Telekom Slovenije Group. The compliance and quality of the IAS’s work, as well as continuous improvements, are confirmed every year via an internal quality assessment, while an independent external quality assessment was carried out in 2021. The IAS works with senior management and the supervisory body, and reports regularly to both with regard to its work.

Objective assurances regarding key risks and consultancy services are provided by professional and motivated internal auditors with numerous professional titles. They attend professional training regularly and are active members of professional associations. Their experience facilitates the in-depth understanding of the complex operations of the Telekom Slovenije Group.

The IAS plans transactions in accordance with adopted strategies, objectives and risks within the Telekom Slovenije Group, and based on a collection of various data and information regarding operations and risks, global trends, and information provided by senior management and the supervisory body. Through audit transactions, assurances and consultancy activities, it contributes to the strengthening and protection of the organisation’s value, to continuous improvements in the effectiveness of risk management, control procedures and corporate governance at Group companies, and to the fulfilment of the Group’s mission.

Activities in 2022 were defined in the IAS’s current work plan, which was prepared on the basis of the plan for the period 2022 to 2026. Annual and multi-year plans were adopted by the Management Board, with the Supervisory Board’s consent. In addition to the transactions set out

48 GRI 3-3, 207-1, 207-2, 207-3

49 GRI 206-1, SASB: TC-TL-520a.1
50 GRI 2-27



in the annual plan, the IAS completed two extraordinary audits and started a third in 2022.

Based on transactions performed, we find that risk management systems for achieving objectives are in place and functioning.

External auditing

In accordance with the Guidelines for Ensuring the Independence of the Auditor of the Financial Statements of the Telekom Slovenije Group, the audit firm PricewaterhouseCoopers [PwC] was appointed to audit the financial statements of Telekom Slovenije and the Telekom Slovenije Group for the 2020, 2021 and 2022 financial years at Telekom Slovenije’s 31st General Meeting of Shareholders held on 5 June 2020. Costs associated with the auditor are disclosed in the accounting report in point 43 Auditor’s fee.

REGULATION OF ELECTRONIC COMMUNICATIONS

Frequencies

In August 2022, the AKOS published draft tender documentation in connection with a public auction for the allocation of the 2,300 MHz and 3,600 MHz radio frequencies for local use.

Development of next generation broadband networks

In August 2022, the Slovenian government adopted the Gigabit Infrastructure Development Plan for the period until 2030. The Government Office for Digital Transformation is continuing the drafting of the Digital Slovenia 2030 strategy, which will define in detail strategic guidelines for the digitalisation of society in the future.

National legislation and EU regulations

The Electronic Communications Act [ZEKom-2] entered into force in November 2022, and thus transposed into Slovenian law the directive on the implementation of the European Electronic Communications Code [EECC]. The Consumer Protection Act [ZVPot-1] entered into force in October 2022 and began to apply on 26 January 2023. The Digital Services Act [DSA] was published in the Official Journal of the European Union in October 2022.

Relevant markets

Telekom Slovenije was deemed an operator with significant market power on relevant markets 1 ‘Wholesale local access at a fixed location’ and 3b ‘Wholesale central

access at a fixed location for mass-market products’ under decisions issued by the AKOS. It imposed on Telekom Slovenije the obligations to grant operator access, to ensure equal treatment and transparency, to ensure price control and cost accounting, and to ensure separate accounting records. The AKOS conducted various inspections with respect to Telekom Slovenije in connection with imposed obligations on regulated relevant markets.

Relevant market	Change
Relevant market 1 [2020/2245/EU] ‘Wholesale local access at a fixed location’	Telekom Slovenije was deemed an operator with significant market power under a decision issued on 14 July 2022.
Relevant market 3b [2014/710/EU] ‘Wholesale central access at a fixed location for mass-market products’	Telekom Slovenije was deemed an operator with significant market power on sub-market B under a decision issued on 14 July 2022.

Resolution of disputes in proceedings before the regulatory body

We inform users regularly and correctly about special conditions, sales offers, prices and changes in the portfolio, which reduces the number of complaints. We continuously improve the resolution of complaints at the first instance. According to data from the AKOS, Telekom Slovenije has the lowest proportion of complaints before the aforementioned agency amongst Slovenian operators. Findings from the resolution of complaints are always implemented in the process of improving services and operations.

New services

Telekom Slovenije’s insurance and payment services are regulated by the competent supervisory authorities. We take into account all regulations and laws in the provision of those services.

Regulatory development in Kosovo

On 5 July 2022, the Kosovo electronic communications regulator [ARKEP] issued a decision rescinding the regulatory obligations imposed on IPKO as an operator with significant market power on the broadband wholesale market. Public consultations began in August 2022 in the process of analysing the high-quality wholesale access market.

8.1.3 QUALITY MANAGEMENT SYSTEMS

Through effective management, we control the entire lifecycle of our services, from design and development, the securing of resources, logistics, implementation and maintaining the quality of services, to the controlled conclusion of the lifecycle.

We monitor the lifecycle comprehensively through:

- measurements of key performance indicators;
- measurements of user and stakeholder satisfaction;
- initiatives for improving satisfaction [e.g. excellence of the customer experience]; and
- the introduction of tools for quality management.

Through the successful completion of a number of demanding recertification assessments in 2022, the Group maintained all previously implemented management systems.

Review of compliance certificates for management systems based on ISO, IEC, EN and SIST standards

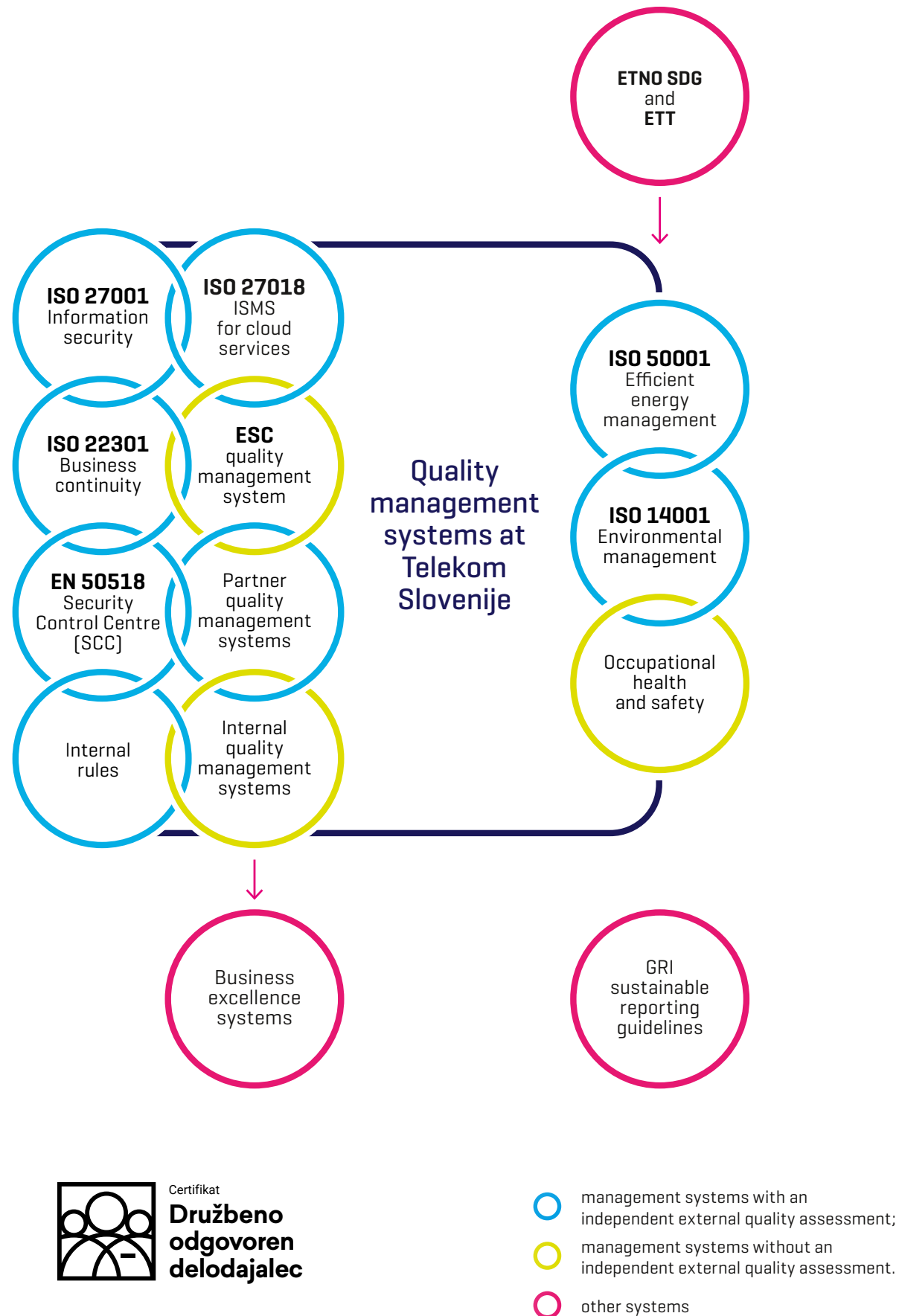
Company – confirmation of conformance	Validity
Telekom Slovenije	
SIST EN ISO 14001	Valid until: 31 January 2026
SIST EN ISO 22301	Valid until: 11 April 2025
SIST EN ISO/IEC 27001	Valid until: 28 April 2023
SIST EN ISO/IEC 27018	Valid until: 28 April 2023
SIST EN ISO 50001	Valid until: 31 January 2026
SIST EN 50518	Valid until: 28 October 2025
GVO	
SIST EN ISO 9001	Valid until: 31 December 2023
SIST EN ISO 14001	Valid until: 31 December 2023
Avtenta	
SIST EN ISO 9001	Valid until: 30 June 2025
IPKO (Kosovo)	
SIST EN ISO 9001	Valid until: 24 December 2023
SIST EN IEC/ISO 27001	Valid until: 24 December 2023
	Environmental management system in real estate management
	Services and processes of Telekom Slovenije
	Cyber Security Operation Centre, financial services, commercial ICT services, network and service control, and technical support for business solutions
	Public cloud, ICT cloud services
	Energy services of Telekom Slovenije for internal needs
	Alarm system – Monitoring and alarm receiving centre
	Design, construction and maintenance of telecommunications and electricity networks.
	Design, construction and maintenance of telecommunications and electricity networks.
	Development and integration of business solutions, service delivery and consulting, system integration, project management and sales.
	Digital cable TV, internet services, and fixed and mobile telephony.
	Digital cable TV, internet services, and fixed and mobile telephony.

We successfully passed other assessments in 2022 to maintain manufacturer certificates, such as MS Partner, Cisco, Oracle and HP, and for systems that are based on other recommendations [internal rules, Family-Friendly Company requirements, the ECS-PPT/DARSGo management system, the comprehensive review of respect for human rights, etc.]. We also carried out assessments for business partners at their request.

We verify the performance and functioning of systems through measurements of objective progress indicators, and promote the increased integration of management systems into the everyday sustainable and responsible operations and management of the Company and Group. In 2022, we carried out a self-assessment of the excellence of the parent company’s operations according to the global EFQM 2020 method, as well as two half-yearly assessments of progress in the implementation of selected priority measures from the aforementioned self-assessment. Through the application of the GRI in the annual report, we fulfil the requirements of the non-financial reporting directive and the Companies Act [ZGD-1].



QUALITY MANAGEMENT SYSTEMS AT TELEKOM SLOVENIJE



8.1.4 PROTECTING THE COMPANY, NETWORKS, SYSTEMS AND SERVICES

The comprehensive protection of the Company's assets and the secure functioning of the work environment are two of the priority corporate security tasks within the Group. Through the comprehensive management of corporate security, we facilitate a more rapid response to recorded security events and mitigate security risks. By constantly monitoring development in the area of corporate security, implementing innovative solutions for protection and the prevention of security events, and by rapidly identifying new threats, we ensure the security and quality of the network and services.

The area of general security includes the management and planning of corporate security, where we ensure the protection of people and the Company's assets through physical security measures and the use of various technical/mechanical security systems. We continued to update and expand technical security systems in 2022.

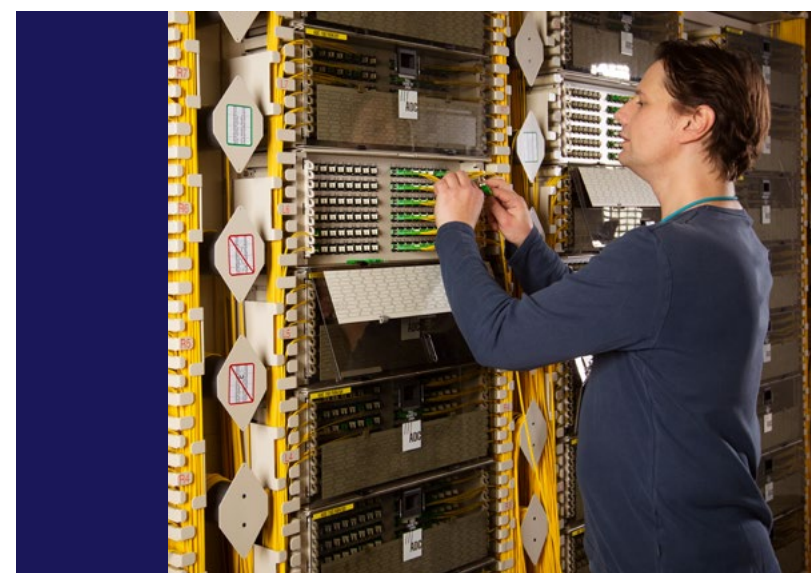
We manage the Company's technical security systems via our modern Security and Control Centre. The aforementioned centre functions in accordance with valid regulations in this area and is certified according to the SIST EN 50518 standard. We transitioned to the latest version of that standard in 2022, and thus satisfied legal requirements in this area.

Through the training and testing of employees regarding the identification of security threats, primarily in the area of cyber security, we constantly raise standards and maintain the security culture at a high level, while raising awareness about the importance of information security. We also inform the users about security threats and the secure use of electronic communications.

We ensure compliance with legal requirements regarding the handling and protection of confidential information. The Company also fulfils other legal obligations in accordance with the provisions of the ZEKom-2 and regulations governing the critical infrastructure, defence and civil protection and rescue.

ENSURING BUSINESS CONTINUITY AND INFORMATION SECURITY

The business continuity management system [BCMS] and information security management system [ISMS] **facilitate the rapid recovery of key services and processes**, the adaptation of processes and the adoption of measures in the event of identified security threats. We adapted and further strengthened security measures again in 2022. Special attention was dedicated to cyber security, in which our Cyber Security Operation Centre plays a crucial role. **Systems and the network functioned without major disruptions** or impacts on the availability and provision of services.





8.2 CONCERN FOR SOCIETY

8.2.1 #CONNECTED WITH THE SOCIAL ENVIRONMENT⁵¹

The Telekom Slovenije Group cares for the social environment in which it operates throughout the year. Our donations in 2022 once again helped vulnerable groups, the elderly, young people from socially disadvantaged backgrounds, and numerous humanitarian institutions and projects.

We donated EUR 10,000 at the end of the year to support the Slovenian Federation of Pensioner's Associations, which helps and eases the lives of the elderly through its programmes.

CANCER AWARENESS-RAISING PROJECTS

We organised three special cancer awareness-raising projects in 2022.

In September, which is international Childhood Cancer Awareness Month, we donated EUR 5,000 to the *Junaki 3. nadstropja* [Heroes of the Third Floor] association. The Heroes of the Third Floor comprise children who are or have been treated in the haemato-oncology ward on the 3rd floor of the Paediatric Clinic in Ljubljana. These are children suffering from cancer. We also participated in the implementation of an event at which the Heroes of the Third Floor and the Nordic Centre in Planica organised mini Olympic Games.

In October, which is breast cancer awareness month, we donated EUR 10,000, together with Samsung, to the Slovenian chapter of the Europa Donna association, which carries out activities to raise awareness about breast cancer and offers support to patients diagnosed with breast cancer and their loved ones. We have been working with the aforementioned association for 15 years.

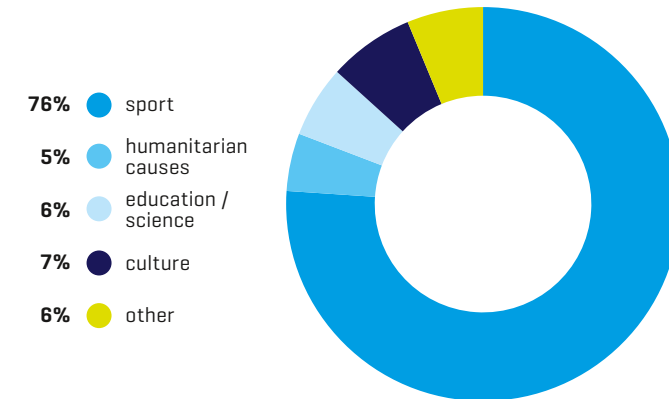
In November, which is men's cancer awareness month, we donated EUR 5,000 to the Slovenian Oncology Association for Men [OnkoMan], together with the company Xiaomi.

We included employees with personal experience in the above-described areas in all activities and donations.



MAJOR SPONSORSHIPS AND DONATIONS IN 2022

The Telekom Slovenije Group earmarked a total of EUR 2.1 million or 0.3% of its sales revenues for sponsorships and donations in 2022.



Humanitarian projects

We assisted the following organisations:

- Slovenian Red Cross for the continued renovation, arrangement of living quarters and landscaping at the Debeli Rtič Youth Spa and Resort;
- Friends of Youth Association for the TOM telephone intended for children and adolescents in distress;
- Association of Counsellors to help those in distress via the Samarijan telephone line;
- Ljubljana-Kiev Cultural Society to provide humanitarian assistance to the people of Ukraine;
- Caritas of Slovenia and the Slovenian Red Cross to facilitate the schooling of children and adolescents who fled from Ukraine to Slovenia;
- Firefighters Association of Slovenia for the purchase of equipment that was destroyed or damaged while extinguishing the fire in the Karst region, and the organisation of the 'Firefighting Olympics' and;
- Slovenian Federation of Pensioner's Associations [ZDUS].

Education and science

We support the following educational-scientific projects, conferences and professional meetings:

- the Reading Badge project,
- the *Varno na kolesu* [Safe Cycling] project,
- the Happy School project,
- the Corporate Security Days conference,
- the multimedia educational programme at the Faculty of Electrical Engineering at the University of Ljubljana,
- the Eco-Quiz project for primary and secondary schools, and
- the Post and Telecommunications Museum, which Telekom Slovenije co-founded.

Culture

In the area of culture, we support contextually varied and geographically dispersed events and projects, such as:

- the Ljubljana Festival,
- the Ljubljana International Film Festival – LIFFe,
- the Ljubljana Puppet Theatre,
- the National Opera and Ballet in Maribor,
- Carnival in Ptuj, and
- the film *Gajin svet 2*.

Sport

We are one of the biggest supporters of Slovenian sport and sport in general. We supported various sporting associations, clubs and events in 2022, as follows:

- **sporting associations:** The Slovenian Olympic Committee, the Slovenian Football Association, the Ski Association of Slovenia, the Ice Hockey Federation of Slovenia, the Slovenian Volleyball Association, the Slovenian Athletics Association, the Slovenian Kayaking Association, the Slovenian Handball Association, the Alpine Association of Slovenia, the Slovenian Cycling Federation, the Slovenian Sailing Federation, the Shooting Union of Slovenia, the Slovenian Gymnastics Association and the Rowing Association of Slovenia;
- **sporting clubs:** The Maribor football club, the Cedevita Olimpija basketball club, the Krka-Telekom Novo Mesto and Domžale basketball clubs, the Celje Pivovarna Laško handball club, the Mura Football School and others; and
- **sporting events:** the World Volleyball Championship in Ljubljana, the World Ski Jumping Championship in Planica, the women's World Cup ski jumping competition in Ljubno, the Franja Marathon, the Red Bull Goni Pony event, the Spartan Race in Slovenia, the Red Bull 400 Planica race, the World Cup sport climbing competition in Koper, the Triglav The Rock Ljubljana international climbing spectacle, Ljubljana Beach Volley 2022, and numerous others.

Social responsibility is also a policy at all Telekom Slovenije Group companies.

8.2.2

#CONNECTED WITH USERS⁵²

Responsible and transparent relations with users and their satisfaction are crucial for successful operations. A satisfied user is one of our core values, while ensuring the best user experience is one of our key strategic policies. We continuously adapt to the needs and wishes of individual user segments, and demonstrate our concern for users through user-friendly and technologically advanced services, products and content. In that respect, we ensure that services are marketed responsibly and ethically. In order to tackle today's social challenges, we develop special technical solutions, promote digital literacy and facilitate broad access to communication services.

ETHICAL MARKET COMMUNICATION⁵³

We comply with high standards of marketing ethics in our marketing and advertising processes. Telekom Slovenije pursues those standards as a signatory of the code of conduct for providers of electronic communication services for the protection of users, the code of mobile operators and internet providers aimed at user protection and the ETNO Corporate Responsibility Charter. To that end, we comply with the Media Act and the Slovenian Advertising Code, and follow the recommendations of the AKOS in the area of customer care.

In market communication, we self-regulate advertising, meaning we verify compliance with the law and codes every time communication projects are planned. We also take into account examples of best practices prepared by the Slovenian Advertising Chamber (www.soz.si/projekti_soz/dobra_praksa/). TSmedia and IPKO also comply with general professional advertising codes.

Misdemeanour proceedings under the Consumer Protection Act were initiated against Telekom Slovenije in 2022 due to the inappropriately advertised price and price advantage of NEO packages. We made immediate corrections to the advertising in question, and received an inspection report in which the Market Inspectorate found that we had complied with the administrative warning and indicated essential information regarding the time limit on the reduced monthly subscription fee, as required. The

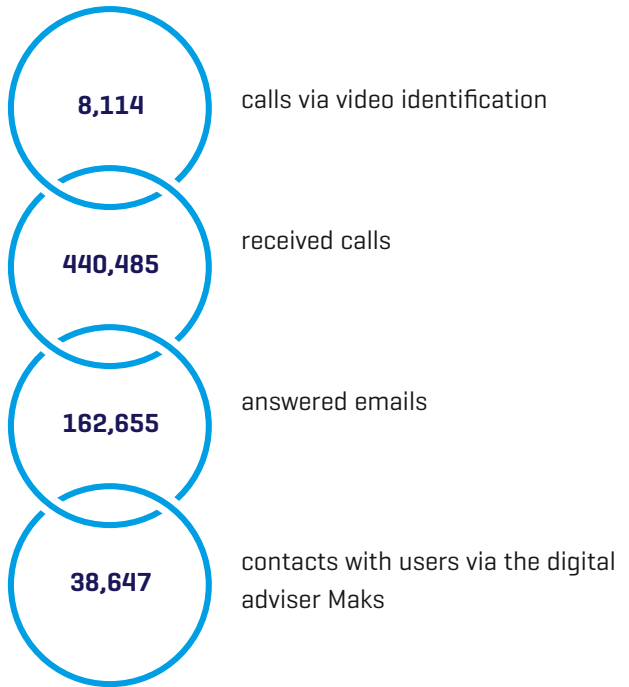
aforementioned inspectorate thus halted administrative proceedings. There were no breaches in the area of market communication at other Telekom Slovenije Group companies.⁵⁴

COMMUNICATION WITH USERS VIA TELEPHONE, THE WEB AND SOCIAL NETWORKS

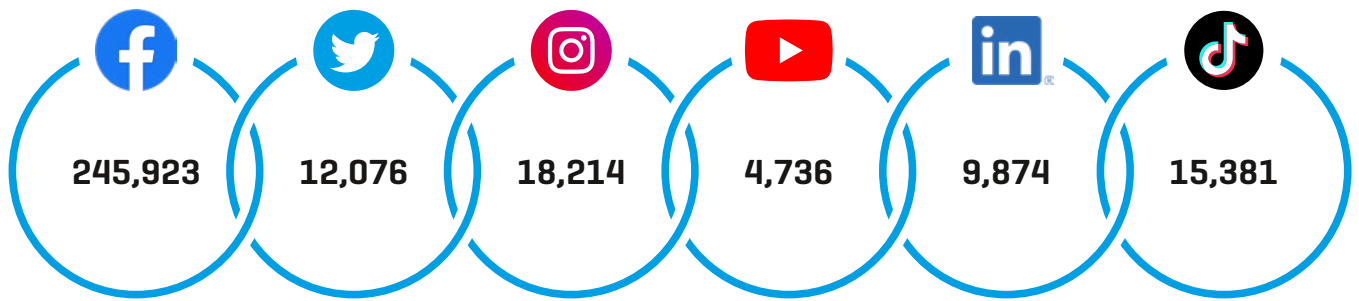
In 2022, the Customer Help Desk responded to 440,485 calls and 162,655 emails, and made 8,114 calls via video identification. We recorded 13,015 contacts via the online chat feature and social network.

The digital adviser Maks recorded 38,647 contacts with users. We continuously supplement and upgrade Maks' primarily technical-based knowledge. In addition to knowledge about basic communication services, Maks is also knowledgeable about support for the VALÚ service, has expanded his knowledge about new features on the NEO platform, helps answer users' questions about smart homes and WiFi access points, etc.

The **My Telekom** portal is used by more than 60% of the users of our services.

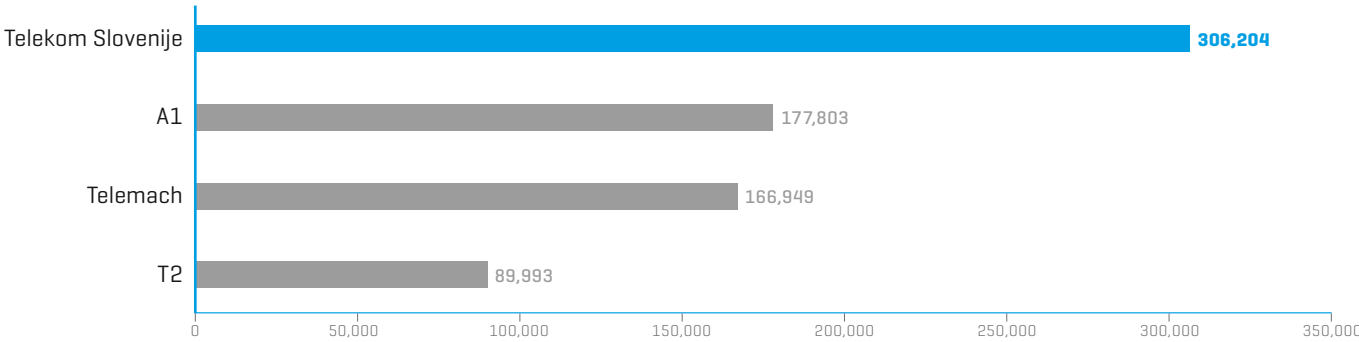


We recorded more than 20 million visits to the website www.telekom.si, with nearly 82% of those visits made via mobile devices. We joined TikTok in 2022 with the aim of getting closer to Generation Z users.



We maintain the leading position amongst telecommunication companies on key social networks, meaning our posts and content reach an increasing number of users.

Total number followers on social media



Telekom Slovenije encourages its employees to be active digital ambassadors. To that end, we launched the **Sociable** digital platform, on which 100 employees are active. Any employee who creates and shares our stories on social networks can become one of the Company's digital ambassadors. They thus become an important link in the co-creation of our image and the Telekom Slovenije brand.

PROVISION OF SERVICES TO USERS

We provide services to the entire segment of residential users and to companies of all sizes. We ensure the rectification of service-related incidents, and the inclusion of new users and changes to configuration and user devices. We also implement technical solutions adapted to the needs of large business users and provide connectivity at major sports and social events.

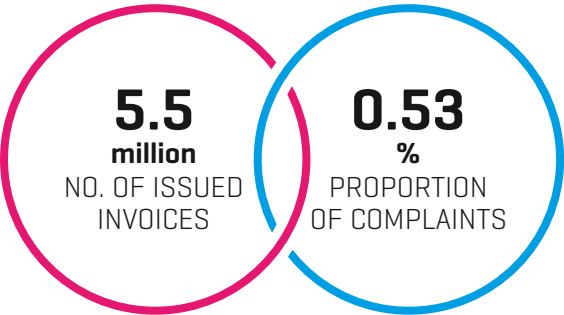
We continued with the development of applications for field technicians. At the end of 2022, we introduced a new tool for producing simple technical solutions that facilitate the more rapid development of solutions and standard content at the level of all service providers.



52 GRI 3-3
53 GRI 3-3
54 GRI 417-3



TRANSPARENCY IN THE CHARGING OF SERVICES⁵⁵



We issued 5.5 million invoices for telecommunication services in 2022. The total number of invoices was down by 3.5%, as the result of the combining of multiple invoices into a single invoice. The overall complaint rate relative to total invoices issued was 0.53%. That rate was at the level recorded in 2021.

Out of concern for the environment, we are gradually discontinuing paper operations, and encouraging the reduction of the number of printed invoices through a number of activities. The number of invoices in one electronic form or another was thus up by 3% in 2022 relative to the previous year.

In the complaint resolution process, we successfully introduced text analytics, which is based on machine learning and covers the step of recording complaints. In this way, we automated certain steps and redirected employees from routine tasks to the substantive resolution of complaints.

CUSTOMER SATISFACTION⁵⁶

We monitor the satisfaction of residential and business users through regular surveys, while we regularly measure surveyed monthly and daily transactional NPS. NPS is one of the key indicators for monitoring customer satisfaction, and tells us whether or not users recommend Telekom Slovenije. In a single number, it shows a user’s willingness to recommend the Company and their satisfaction, their perception of the excellence of the customer experience and their expression of loyalty to the Company as service provider.

We monitor NPS measurements monthly on an aggregate basis for the users of fixed and mobile services, and at the most important touchpoints. Telekom Slovenije ranks in the top third compared with the NPS of telecommunication operators from foreign markets. We recorded mixed customer satisfaction at our touchpoints in 2022, but ended the year with an increased number of satisfied customers and achieved set target values.

Transactional NPS:

[t]NPS_a total of 21 contact points



Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec	Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec
2019	2020	2021	2022

Source: Telekom Slovenije, Transactional NPS, 2022.

We recorded mixed customer satisfaction at our touchpoints in 2022. We began the year above the average values of the previous two years, but in the summer recorded a drop in satisfaction that did not last long. Sentiment had already improved by August, and we reached our established target values in October. We recorded an increase in the number of satisfied customers in November and December, and had achieved established target values by the end of the year.

We achieved a high transactional NPS [visit by a technician in cooperation with technical support], which was 85 index points in 2022, meaning we maintained the level recorded in 2021. We certified the position of ‘sales technician’, which facilitates a broader range of advisory services in connection with sales activities.

SATISFACTION OF RESIDENTIAL USERS WITH TELEKOM SLOVENIJE’S SERVICES

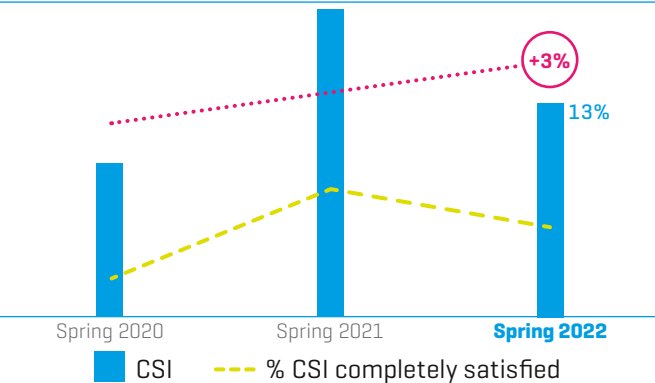
Telekom Slovenije maintains a high level of customer satisfaction [Valicon, spring 2022]. The proportion of satisfied and completely satisfied users remains high and stable.

The main elements of satisfaction with Telekom Slovenije’s services include:

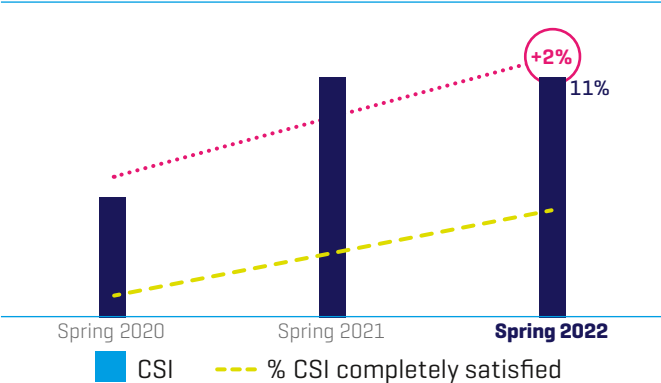
- reliability of the operator [mobile and fixed segments];
- functional stability [internet, TV and mobile internet];
- fixed internet speed; and
- coverage of network and speed of the mobile network.

Satisfaction index for Telekom Slovenije’s users

Customer satisfaction index [CSI] - mobile category [two years of growth]



Customer satisfaction index [CSI] - fixed category [two years of growth]



Source: Valicon, Satisfaction of the users of telecommunication services; spring 2022, n= 1,028.



NEO wins over users primarily as an interface with simplified voice control, the simplified search for content, and a transparent layout and content in one place [Valicon, Monitoring of product brands – NEO; December 2022, n = 1.027].

A total of 86% of users are satisfied with the NEO platform, with one-fifth saying they are fully satisfied. Some 92% of

users are satisfied with the TV delay function, while 87% of users are satisfied with the recording function. One of NEO’s main advantages over other providers is the content- or video-on-demand function [Valicon, Satisfaction of the users of telecommunication services; spring 2022, n = 1.028]. NEO achieves the highest satisfaction scores amongst users of the smart living platform for the majority of elements.

Most important elements that convince users to choose NEO

Simple	Transparent layout	Simple voice-controlled searching	Fun for the whole family	Feeling of security
Being integrated	Safe for the youngest users	Trendy	Content in one place	Best platform
Attractive appearance	Innovative	Quick start-up	Trustworthy	Simple installation
Understands needs	Brings the best	The best user experience	Friendly relationship	Making a breakthrough

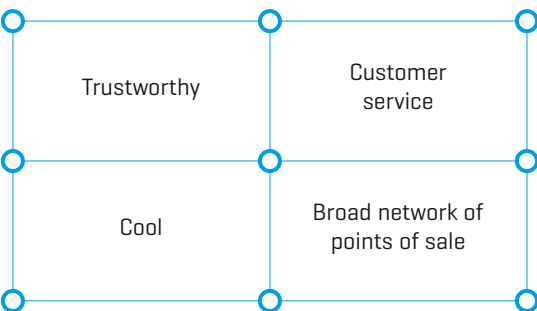
55 GRI PA10
56 GRI 2-29



Payment cards and cash remain two of the most common ways to pay for goods and services, while the proportion of mobile wallets users has increased by 5 percentage points, with 65% of Slovenes aged 15 to 75 years already using this payment method.

In the category of **mobile payment systems** and **mobile wallet**, VALÚ strengthened its pyramid of power to BSI = 24 in 2022 [+3 points for recognition, choice and use]. [Valicon, Monitoring of product brands – VALÚ; December 2022, n = 1,027].

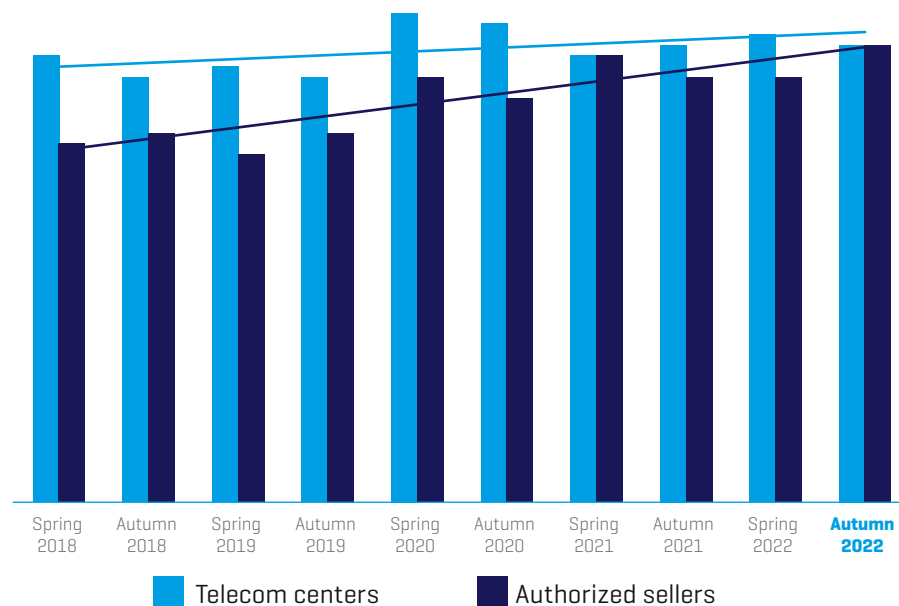
VALÚ maintains a perception amongst users based on four elements



SATISFACTION WITH TELEKOM SLOVENIJE'S POINTS OF SALE

We measure satisfaction with our points of sales twice a year via Mystery Shopper research. To that end, we measure the satisfaction of visitors to points of sale, and satisfaction with contact centres and responsiveness to messages sent via email to info@telekom.si. High scores are achieved in all measurements.

Total score by sales channel



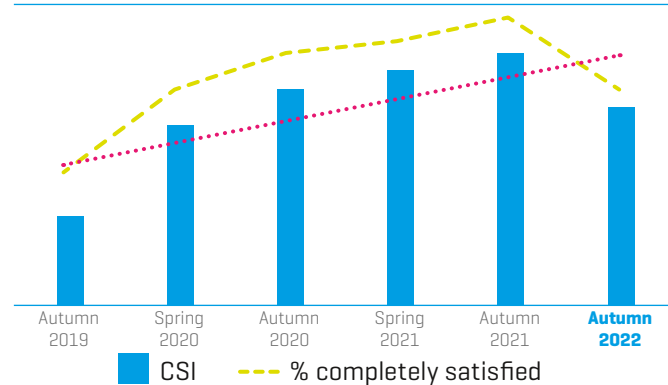
Source: Valicon, Mystery Shopper research; autumn 2022.

SATISFACTION OF BUSINESS USERS

The overall satisfaction of Telekom Slovenije's business users remained high, with 97% of all users saying they are satisfied. Telekom Slovenije is the operator recalled most frequently, as well as the first choice of those surveyed in the areas of ICT, IT solutions and telecommunications. The Company is a step ahead of other operators in terms of recognition and choice [Valicon, Satisfaction amongst business users; December 2022].

Index of business user satisfaction

Customer satisfaction index [CSI] - B2B segment



Source: Valicon, Satisfaction amongst business users; December 2022, n = 147.

Visitors to Telekom Slovenije's points of sale **express general satisfaction** with the following factors [Mystery Shopper research]:

- the orderliness of surroundings and the interior of branches;
- the pleasant atmosphere created by sales staff at points of sale;
- the pleasantness and helpfulness of sales staff; and
- clear advice from sales staff, sound understanding of goods and services, effort shown, escalation of offer and consideration of users' [hidden] needs.

CUSTOMER SATISFACTION AT OTHER COMPANIES

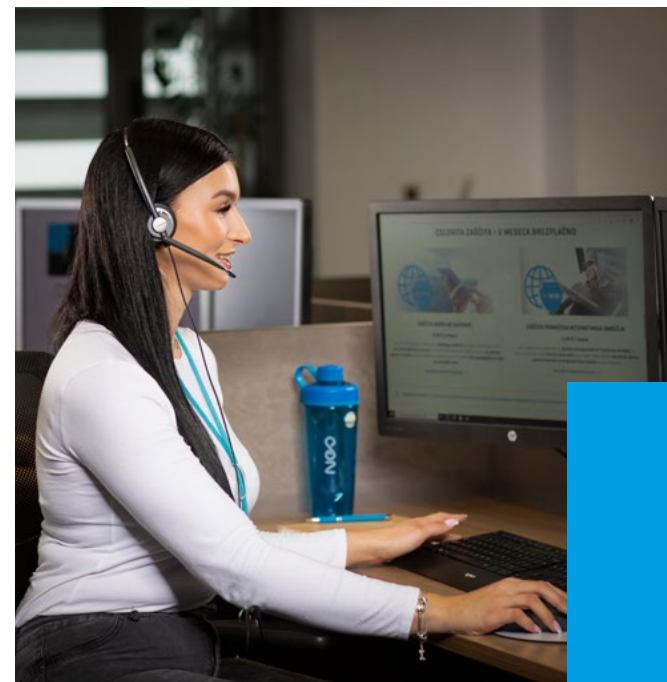
TSmedia measures customer satisfaction using the research of online products with the help of web analytics [e.g. MOSS, which measures visits to Slovenian websites, the number of views, the number of visitors and bounce rate] and using online questionnaires and forms to collect users' opinion regarding all products.

Avtenta did not measure customer satisfaction in 2022.

GVO regularly measures customer satisfaction after the completion of construction works using a questionnaire. In accordance with the international ISO 9001 standard, it also analyses the areas of construction and project design once a year. In the area of construction, GVO received an average score from Telekom Slovenije of 4.63 in 2022 [with 1 being the lowest and 5 being the highest score], while it received a score of 4.86 for project design. External partners gave project design an average score of 4.94.

TSinpo carries out unstructured interviews with users once a year. Qualitative assessments of satisfaction were at the level recorded in previous years.

Soline does not measure customer satisfaction.



IPKO regularly monitors the user experience with the help of market research, social networks and internal quantitative studies. Measurements of customer satisfaction and NPS are carried out for fixed and mobile services. NPS values given by the company's users (in the scope of a brand strength survey) have always been positive and are highest for inter-operator mobile and fixed services on the market, with that trend continuing in 2022. IPKO also measures customer satisfaction on a regular basis via surveys performed by an internal team. Measurements are carried out with customers who visit points of sale or come into contact with the call centre, and by field workers. On a scale of 1 to 10, the overall score in the mobile segment was 8.3 in 2022 [the same as the previous year], and 7.5 in the fixed segment [compared with 7.6 a year earlier].

CONCERN FOR THE SAFE USE OF SERVICES AND VULNERABLE USER GROUPS⁵⁷



Through our services, we contribute to the digitalisation of society, and ensure responsible and broad access to

services. To that end, we provide various vulnerable groups special solutions and a tailored offer.



Overview of portfolio for vulnerable groups and user security

User group	Offer or project
Health and safety of all users	<ul style="list-style-type: none">We ensure the protection of the home network and mobile devices of all users through the Varen splet [Safe Web] service.The free Strela alarm [Lighting Alarm] service is available to users who subscribe to both of Telekom Slovenije's mobile and fixed services. That service warns users in advance of a potential lightning strike in the area where they use a fixed connection.We provide advice to users regarding the safe use of communication devices and services on the website in the tab Recommendations for the safe use of mobile devices and services.The range of products includes simple mobile phones for older and technologically less-skilled users.With the aim of monitoring healthy habits and activities such as counting steps or measuring one's heart rate, we offer various devices that we have presented under the common slogan, '10,000 Steps a Day Keeps the Doctor Away'.We provide Slovenian hospitals and health centres telemedicine services, through which the health of patients can be monitored remotely, without hospitalisation or visiting a clinic [a patient's vital functions are monitored in the home and wirelessly transferred to a doctor at a clinic or hospital].
Children	<ul style="list-style-type: none">Parents can limit access to inappropriate websites by their children via the My Telekom portal. That portal has pre-set content categories that prevent access to inappropriate content.The Da Vinci Kids optional programme offers numerous educational video and interactive content for children aged 6 to 12 years. The aim is to use video content to bring science, math, technology, history, culture, nature and sport closer to children in a humorous and interesting way.Moja prva pogodba [My First Contract] is available at points of sale, and enables children and parents to make a plan on how to use their mobile phone or other mobile device responsibly and in moderation.In the scope of the NEO platform, we carefully select a range of cartoons and other content, which are available in the Children's Park. We thus provide children a carefree area, as they can only watch content that is appropriate for their age, while access to other content can be restricted using a PIN.Parents have the option of setting limits to gaming on the NEO platform and can thus prevent children from playing games that are not appropriate for their age.The users of IPKO's fixed services can choose between three parental control options to limit children's use of websites.
Retirees and older users	<ul style="list-style-type: none">Available to retirees is the Ugodni package, which includes fixed internet, TV and fixed telephony services at a more affordable price.The eCare service for safer living at home is available to the elderly and their family members.Through the Safe and Connected at Home project, we are working with Slovenian municipalities to facilitate access to eCare, with those municipalities subsidising the use of the aforementioned service by their citizens.
Disabled persons, and the deaf and hearing impaired	<ul style="list-style-type: none">Priority is given to disabled persons in terms of connections to the public communications network and the elimination of faults.With a valid disability status certificate, disabled persons are entitled to a discount of EUR 2 on their monthly subscription fee for fixed packages.The portfolio includes the Gluhi A mobile package for the deaf and hearing impaired, which facilitates worry-free communication.We have facilitated subtitles in the scope of teletext services for the deaf and hearing-impaired users of the NEO platform.
Police and firefighters	<ul style="list-style-type: none">Volunteer protection and rescue organisations were offered mobile service packages with no subscription fee. The members of fire fighter and police associations and trade unions and their immediate family members are entitled to a discount on the monthly subscription fee for mobile packages.
Promoting environmental responsibility	<ul style="list-style-type: none">We collect used electronic devices and mobile phones at points of sale. By bringing in their old mobile phones or tablets for exchange, users can reduce the prices of new devices. We also ensure the safe disposal of those old devices and thus demonstrate our concern for the environment.

BROAD ACCESS TO GROUP SERVICES⁵⁸



Telekom Slovenije provides the most advanced ICT services and content in both urban and rural areas, and thus helps bridge the digital divide in society. The mobile telephony signal is accessible by 99.75% of the Slovenian population, while a large portion of territory is covered by broadband internet access and fixed telephony.



Fixed services are provided to users via the mobile network in areas where setting up a fixed connection

is not possible. We are constructing at an accelerated pace the most advanced fibre optic network, to which we already facilitate connections by more than 442 thousand Slovenian households.⁵⁹

Coverage of the population with individual radio network technologies in Slovenia:

2G/GSM	4G/LTE	4G+/LTE-A	5G
99.75%	97.03%	84.08%	40.04%

IPKO also facilitates broad access to ICT services. The company was the first operator in Kosovo to successfully complete the testing of fifth-generation [5G] mobile network technology, and was awarded a frequency band by the Kosovo regulatory authority [ARKEP]. With a network that has achieved speeds of 1.2 GB/s in tests, it will soon enable the implementation of the latest technological advances. IPKO is also investing in fibre optics, and in the expansion of the coverage and capacities of the 4G network.

Coverage of the population with individual radio network technologies in Kosovo:

2G	3G	4G
99.2%	91.0%	88.8%

8.2.3
#CONNECTED WITH EMPLOYEES

The Telekom Slovenije Group strives to provide a stimulating and pleasant work environment, open to innovation and cooperation. To that end, we provide for continuous employee training and education in various areas, and introduce innovative approaches for empowering employees. We are aware that long-term commercial success can only be achieved by investing in knowledge and development, as we operate in a high-tech and dynamic sector that is constantly evolving. The systematic building of the employer brand and our organisational culture in the direction of mutual cooperation⁶⁰ is crucial for ensuring the appropriate employee structure. We introduce and upgrade HR practices together with employees and through their inclusion in the entire process, while we also strive to improve the overall experience and treatment of employees through a number of activities.

Care for employees is a key element of our HR policy and the organisation culture. We dedicate numerous activities to the promotion of health, well-being and the

prevention of burnout. We ensure a safe and healthy work environment for employees, with special attention given to flexibility, hybrid forms of work, and flexible working hours to facilitate a work-life balance. To that end, we are implementing a number of activities to encourage a healthy lifestyle.

We reject any and all forms of bullying, harassment or discrimination on the basis of gender, race, skin colour, age, state of health, religious, political or other conviction, national and social origin, financial status, sexual orientation or other personal circumstances. Individual Group companies have appropriate mechanisms in place for identifying potential cases of discrimination and for taking action in such cases. More about the Telekom Slovenije Group's Code of Ethics in section [8.1.2 Compliance, competition protection and auditing](#).

Similar to previous years, Telekom Slovenije Group companies did not receive any complaints due to discrimination in 2022.⁶¹

58 GRI PA1, PA2, SDG 9
59 GRI PA4, SDG 1
60 GRI 3-3
61 GRI 406-1



STRUCTURE OF EMPLOYEES⁶²

The Telekom Slovenije Group had 3,262 employees at the end of 2022, with Slovenian companies accounting for 2,784 of that number. The total number of employees was down by 0.7% relative to 2021, primarily due to the termination of employment for business reasons and retirements at Telekom Slovenije, GVO and IPKO.

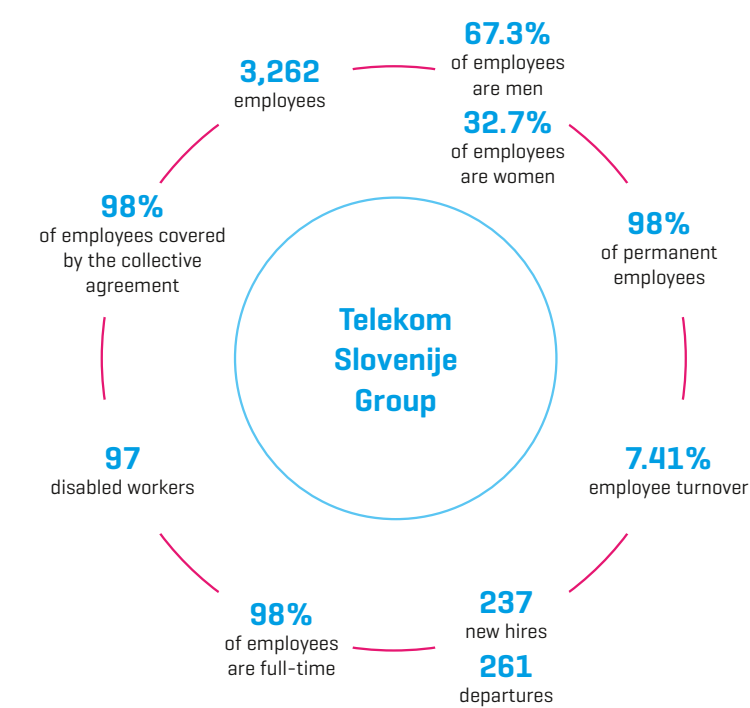
At 7.4%, employee turnover within the Telekom Slovenije Group was up by 1.3 percentage points relative to 2021.⁶³

Number of employees as at 31 December 2022	Telekom Slovenije Group	Telekom Slovenije	Other companies in Slovenia	IPKO
Number of employees	3,262	2,103	681	478
Type of employment				
Permanent employment	2,950	2,066	575	309
Temporary employment	312	37	106	169
Gender				
Men	2,195	1,368	552	275
Women	1,067	735	129	203
Working time				
Full-time	3,198	2,061	659	478
Part-time work [due to disability, parenthood, etc.]	64	42	22	0
Types of employment contract				
Employees covered by collective bargaining	3,197	2,055	672	470
Employees outside the collective bargaining system	65	48	9	8
Educational structure				
Levels I to IV	281	99	182	
Level V	947	684	263	0
Level VI	664	384	75	205
Level VII	1,188	824	146	218
Level VIII	182	112	15	55

A total of 98.2% of Telekom Slovenije employees are on permanent contracts, while that proportion is 84.4% at other Slovenian companies and 64.6% at IPKO. The main reason Slovenian companies employ workers for a fixed period of time is to cover temporary increases in the work load.

There are more employees on fixed contracts in Kosovo, which is the result of local legislation and the company’s employment policy. Full-time employees account for the largest proportion [98%] of employees at the Group level, while part-time workers account for 2% of employees.

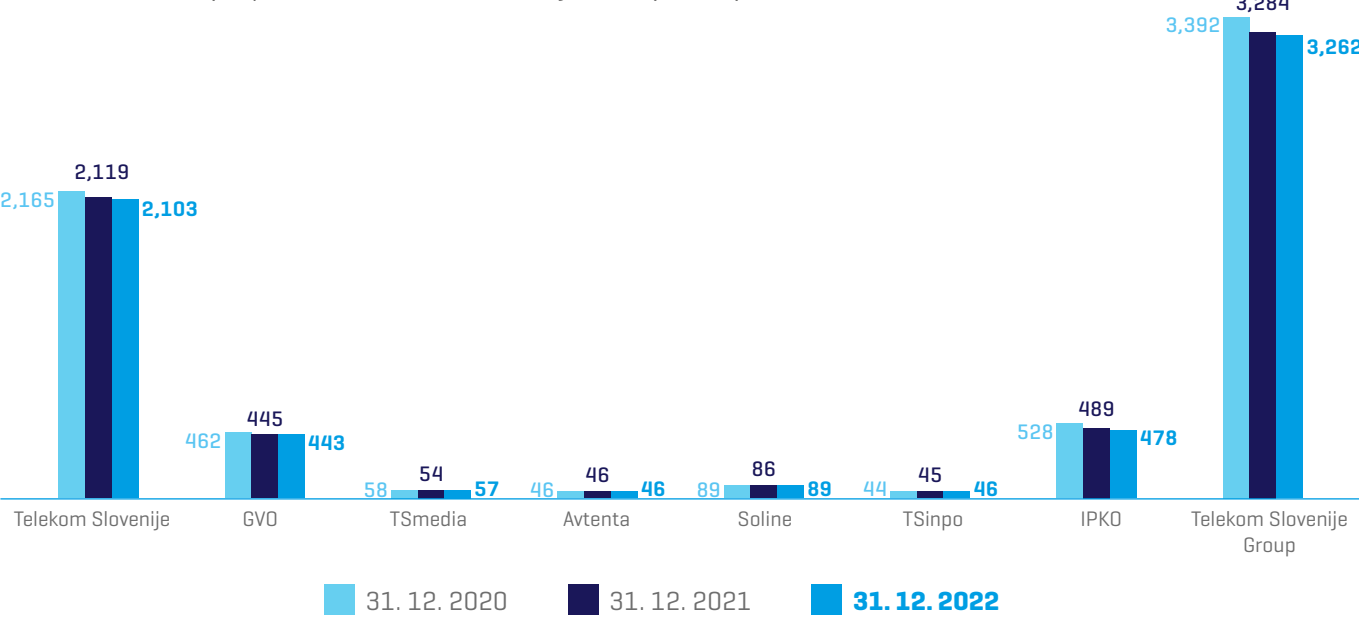
Structure of employees at the Telekom Slovenije Group level



A total of 98% of Telekom Slovenije Group employees have an employment contract based on a collective agreement, which was close to the same proportion in 2021 [98.1%]. The remaining 2% of employees hold contracts outside the collective bargaining system. These are primarily employees in management positions.⁶⁴

Men accounted for 67.3% of all Telekom Slovenije Group employees in 2022, while women accounted for 32.7%. Men are prevalent amongst employees in Slovenia, while the gender ratio in favour of men is slightly lower at IPKO [57.5%].⁶⁵ Ratios at individual companies vary with regard to activity.

Structure of employees at Telekom Slovenije Group companies⁶⁶



Other Telekom Slovenije Group companies that are not presented in the above graph do not have employees.

62 GRI 2-7
63 GRI 401-1

64 GRI 2-30
65 GRI 405-1
66 GRI 2-7



Number of new hires and departures in 2022 by age group⁶⁷

Age group	Telekom Slovenije Group		Telekom Slovenije		Other companies in Slovenia		IPKO (Kosovo)	
	New hires	Departures	New hires	Departures	New hires	Departures	New hires	Departures
18–30	131	61	62	16	41	27	28	18
31–40	47	61	21	18	21	23	5	20
41–50	47	53	21	31	18	9	8	13
51–60	12	68	9	50	2	16	1	2
61–65	0	18	0	16	0	2	0	0
Total	237	261	113	131	82	77	42	53

The average age of employees at Telekom Slovenije is 46.1 years. The average employee age at IPKO is 37 years, followed by GVO with an average age of 40.3 years. The highest average employee age is recorded by TSinpo, at 52.7 years.

and is updated every year with new, fresh content, while our Knowledge Transfer Competence Centre accelerates the internal knowledge transfer. In 2022, we received the Gold certificate as a TOP investor in education for our responsible HR management and promotion of employee development, making us an organisation that stands out as above-average in terms of investment in employee training.

Employee development and training plans are drawn up every year in the scope of annual development interviews. To that end, we define the purpose and objectives of training activities in order to monitor the effectiveness and impacts thereof. We assess the quality and usefulness of training in part through the measurement of participant satisfaction using electronic questionnaires.

There was a great deal of interest amongst employees for professional content and soft skills.

TRAINING AND HR DEVELOPMENT⁶⁸

Acquiring new skills and strengthening employee competences is crucial, as it is the only way to develop appropriate business models, the most advanced services and new business opportunities. Through continuous, systematic training, knowledge management and the transfer of knowledge between co-workers, we ensure the growth and development of both the Company and its employees. The training programme offers employees a choice of more than 300 training courses in various fields

Key figures regarding employee training⁶⁹

	Telekom Slovenije Group				Telekom Slovenije			
	2022	2021	2020	Index 22/21	2022	2021	2020	Index 22/21
Number of participants in training	2,962	2,985	3,085	99.2	2,172	2,163	2,170	100.4
Number of training hours	88,586	99,660	63,069	88.9	67,646	67,884	54,635	99.6
Proportion of employees included in training*	90.8%	90.9%	99.9%	99.9	100%	100%	100%	100.0
Number of training hours per employee	27.2	30.3	18.6	89.8	32.2	32.0	25.2	100.0

* The proportion of employees included in training also includes persons who attended training in 2022 but were no longer employed by the Telekom Slovenije Group as at 31 December.

The number of training activities organised in 2022 was down by 11% at the Telekom Slovenije Group level and up slightly at Telekom Slovenije relative to 2021. The number of hours of remote training was down, while the number of hours of live training was up. Telekom Slovenije organised

27% of training hours remotely, while 67% of hours were in the form of traditional workshops and 6% hours were organised as e-courses in the scope of the *Znam!* learning portal. Internal lecturers conducted 36% of training hours or 61% of all courses.

Men accounted for 65% and women for 35% of Telekom Slovenije employees included in training, which corresponds to the ratio of employees by gender. The 41 to 50 age group received the most training [accounting for 24% of all participants and 25% of all training hours].

Of the total of 88,586 training hours, 63% or 55,932 hours were organised for technicians and sales staff.

Number of training hours by employee category⁷⁰

Employment category	Telekom Slovenije Group				Telekom Slovenije			
	2022	2021	2020	Index 22/21	2022	2021	2020	Index 22/21
Technology and sales	55,932	62,588	42,096	89.4	46,356	45,484	36,064	101.9
Administration	9,914	9,914	6,843	100.0	9,043	8,831	6,396	102.4
Team leaders	7,875	8,376	6,922	94.0	6,713	7,333	6,321	102.4
Middle management	6,551	9,201	4,545	71.2	4,125	4,416	3,817	91.5
Others	8,314	9,582	2,664	86.8	1,409	1,820	2,037	93.4
Total	88,586	99,660	63,069	88.9	67,646	67,884	54,635	99.6

STRUCTURE OF TRAINING BY AREA

At the Group level, employees received the most training in the areas of occupational health and safety, and the maintenance and protection of health, followed by the development of services and products and legislative changes. We also dedicated a great deal of attention to training in the areas of information security and personal data protection, and the professional development of managers.

Structure and proportion of training by area within the Telekom Slovenije Group

- 22% Security and health at work
- 15% Product knowledge
- 11% Business communication and skills
- 10% IKT - telecommunication technologies
- 9% Sales
- 8% Other trainings
- 6% Management
- 6% Information science
- 4% Legislation
- 4% Foreign languages
- 3% Economics
- 2% Energy and mechanical engineering
- 0% Energetika in strojništvo



We published 172 e-courses on the *Znam!* e-training portal, meaning one-fifth of all training at Telekom Slovenije. The portal, with the latest knowledge, is

accessible by all Telekom Slovenije employees, the employees of TSmedia, Avtenta and TSinpo, and by our authorised agents.

67 GRI 401-1

68 GRI 3-3

69 GRI 404-1

70 GRI 404-1

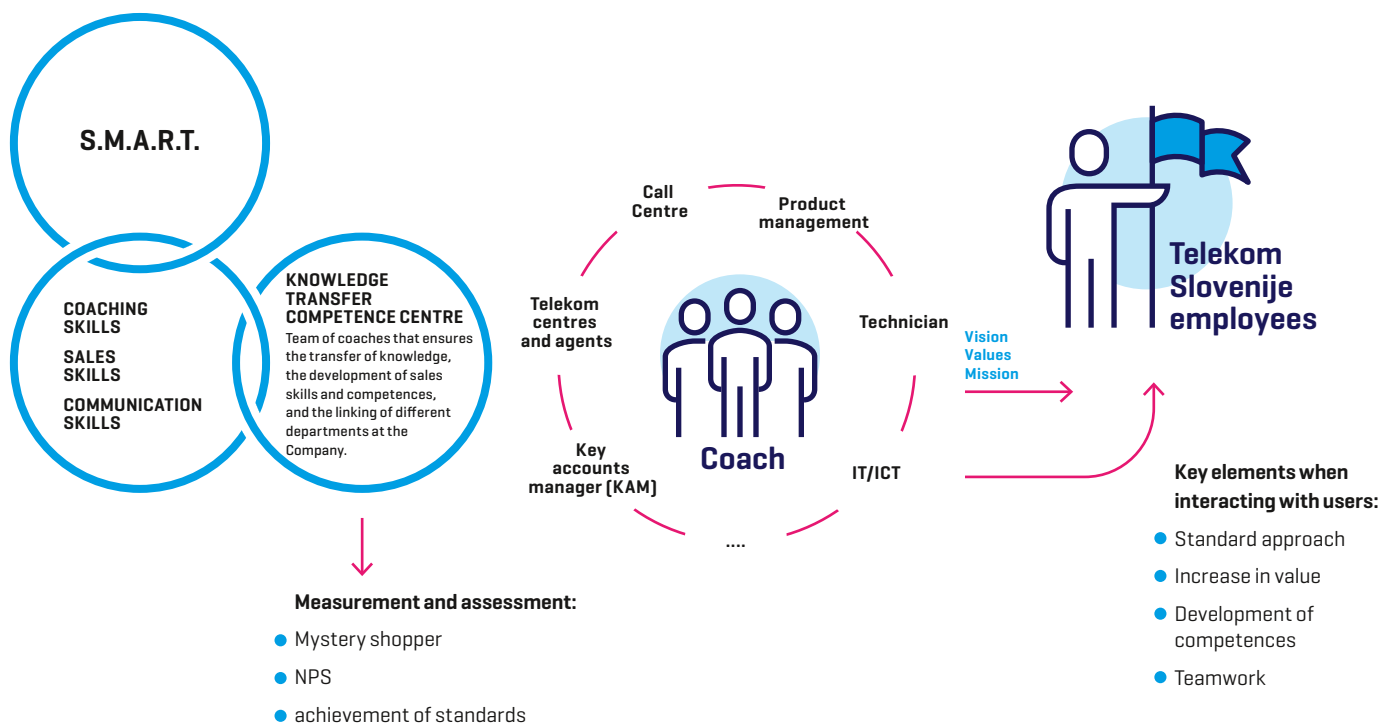


DEVELOPMENT OF EMPLOYEE COMPETENCIES⁷¹

S.M.A.R.T. – an advanced development-training programme

Self-responsible and simple **M**otivated and wise **A**-engaged and authentic **R**-serious and committed **T**eam player and precise

S.M.A.R.T. development-training programme



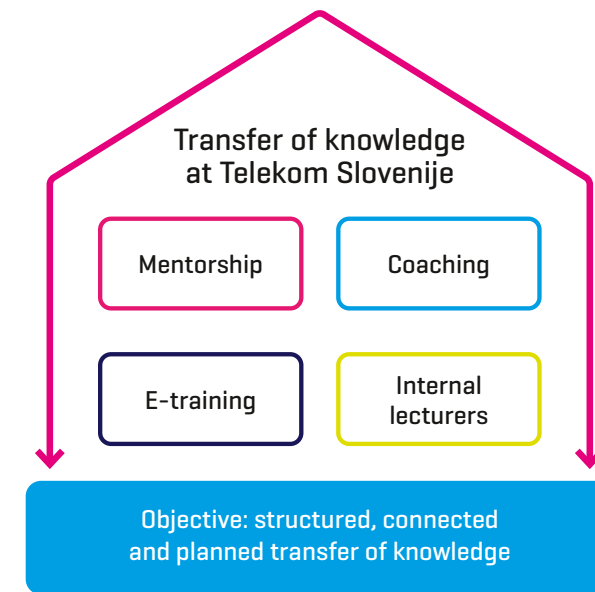
Through the advanced **S.M.A.R.T.** training and development programme, Telekom Slovenije is building four key elements in contact with the users of its services: a uniform approach, the raising of values, the development of competences and team work. Thus, through a consistent and systematic approach, we are empowering employees who are in contact with the users of our services (advisers, technicians, sales staff and the dispatch centre), strengthening their competences and thus ensuring the excellence of the user experience at all of the most important touchpoints.

Part-time studies

We finance the part-time studies of employees and facilitate paid leave to prepare for study obligations. At the end of 2022, a total of 32 employees had contracts with the Telekom Slovenije Group to obtain a higher level of education, 23 at Telekom Slovenije and nine at GVO.

71 GRI 404-2

Knowledge Transfer Competence Centre



Mentoring and intergenerational cooperation

Intergenerational cooperation is an integral element of our mutual relations. We have a mentoring system in place for that purpose, where older employees transfer their knowledge and experience to younger employees, and vice versa. In addition to strengthening intergenerational ties, we also enhance links and cooperation between employees.

We received the MEGA Inspiration 2022 award for our activities in the area of intergenerational cooperation. The award is part of the 'We All Win' project to promote intergenerational cooperation in the workplace and the coexistence of generations, which is co-financed by the Slovenian government through the Ministry of Labour, Family, Social Affairs and Equal Opportunities and the European Union through the European Social Fund.

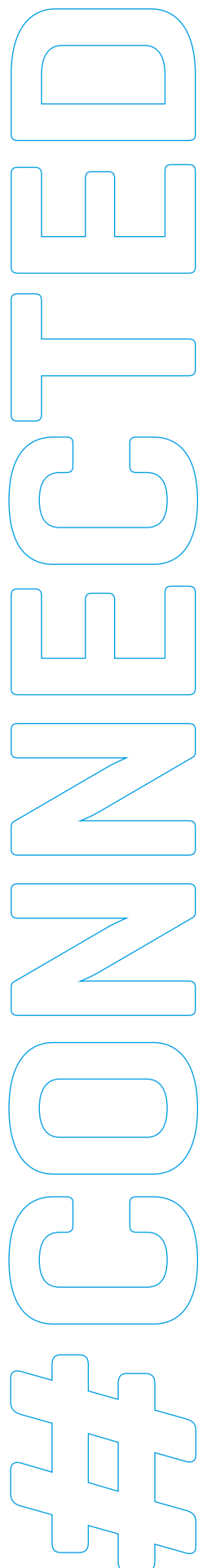
We employ a single mentoring system to ensure systematic development, and the preservation and upgrading of key knowledge that the Company possesses. To that end, we keep records of technical and key knowledge and the persons who possess it, who then transfer that knowledge in the mentoring process to successors, new employees, employees who change work areas or who return to work after a prolonged absence, and to secondary school and university students completing their internship, working via student services and on scholarship. A total of 35 employees were included in the mentoring process in 2022.

KEY AND PERSPECTIVE EMPLOYEES⁷²

Telekom Slovenije's system of key and perspective employees includes individuals who contribute an above-average share to the achievement of the Company's objectives, who have highly developed competences and who desire further development. This involves a continuous process in which we develop employee potentials, prepare successors, give them priority in the recruitment process for more demanding positions, and strive to retain them at the Company, all through planned training.

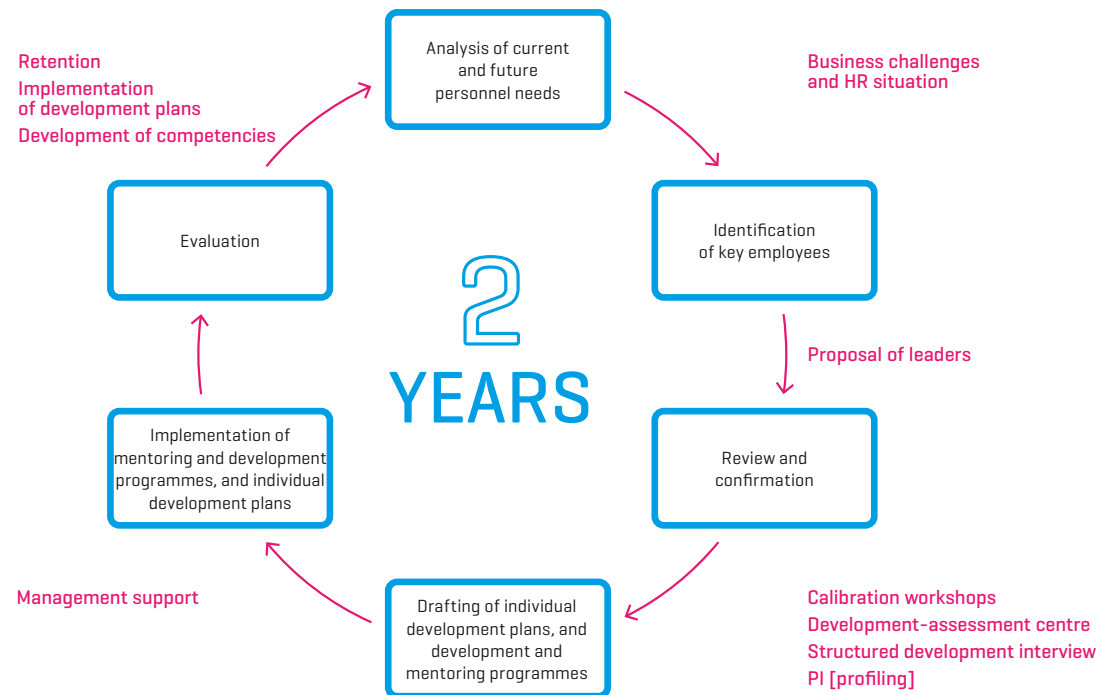
We drew up individual development plans in 2021 for key and perspective employees for the purpose of acquiring additional skills and the desired competences.

72 GRI 404-2





Cycle of identifying key and perspective employees



EMPLOYER BRAND

We laid the foundations of the employer brand in 2019 and, together with employees, established the employer brand commitment, 'Co-creating the digital future of Slovenia', which is supported by four pillars: development, knowledge, the best and Slovenia. With the help of focus groups and employees, we verified the fulfilment of the aforementioned commitment and established foundations in 2022. Employees have noted tangible changes in terms of the development of employees, communication, training and the transfer of knowledge, and in other key HR systems and practices.

We also strengthen the employer brand through various events, cooperation with schools, faculties and research institutions, company scholarships, guest lecturers, etc.

RECRUITING NEW EMPLOYEES, PROFESSIONAL TRAINING OF SECONDARY SCHOOL AND UNIVERSITY STUDENTS, AND THE AWARDING OF SCHOLARSHIPS

Our aim is to recruit the best secondary school and university students, primarily in strategically important areas, such as ICT, multimedia, cloud services, user interfaces, cyber security, etc. Telekom Slovenije thus facilitates practical training and education for secondary school and university students. We identify the best as employment candidates: between 2017 and 2022, we

employed seven secondary school and university students who completed their compulsory practical training with us.

We provided practical training and education opportunities to 77 secondary school and university students in 2022. We awarded company scholarships for the fifth year in a row, including three for the 2022/2023 scholastic year. We had 16 active scholarship holders in 2022 and employed eight of them.

MANAGEMENT OF OLDER EMPLOYEES⁷³

Telekom Slovenije continued to implement measures to strengthen the competences of older employees, as well as activities covering areas such as the protection of health, ergonomics, the work environment, working hours, the nature of work, and career and personal development. In contrast to 2021 when the greatest emphasis was placed on raising awareness about the importance of taking care of one's own health and creating a healthy lifestyle, we focused on raising awareness about the importance of intergenerational cooperation and embracing diversity in 2022. In addition to numerous training events on the aforementioned topics, we used internal communication channels to present the advantages of such cooperation and the importance of the mutual transfer of knowledge in the form of mentoring. We presented best mentoring practices via the intranet through talks between mentors and mentorees. Mentoring is a key measure in the management of older employees.

MOTIVATION OF EMPLOYEES

The Telekom Slovenije Group has in place a precisely structured bonus system in the form of monetary and non-monetary bonuses. Those bonuses are allocated in accordance with the collective agreement and other internal acts.

The basis for collective bonuses is predefined, expected results. We pay a year-end bonus on the basis of operating results, while we pay a Christmas bonus in the amount of 70% of the average wage in the Republic of Slovenia. Certain Group companies pay a Christmas bonus based on operating results.

Individual remuneration depends on an assessment of the achievement of personal objectives (stimulation), and may be paid to employees twice a year. We introduced quarterly bonuses in 2022 for sales staff with personal sales targets. Non-monetary forms of remuneration derive from our activities [VALÚ credit notes, gift certificates for Soline, etc.] We also provide employees benefits, such as additional medical examinations, payments to the second pension pillar, preventive treatments and flexible working hours.

Full-time and temporary employees enjoy the same benefits, except the payment of voluntary pension insurance premiums, which new employees in Slovenia are entitled to after one year of employment. The premium for employees who have been employed by their respective company for at least one year is paid by Telekom Slovenije [95% of employees], GVO [91% of employees], TSmedia [89% of employees], Avtenta [81% of employees] and TSinpo [95% of employees].⁷⁴

A Telekom Slovenije Group employee's base salary is not based on gender, location or activity, but is defined in their employment contract taking into account their position. The wage of employees at companies in Slovenia is at least as high as the legally prescribed minimum wage in Slovenia, while the lowest wage at the majority of companies is higher than the minimum wage [by at least 12.5%; figure from November 2022]. Employees at IPKO

also have a higher wage than the minimum prescribed wage in Kosovo [by 36.4].⁷⁵

COOPERATION WITH RESEARCH INSTITUTIONS

The Telekom Slovenije Group has well-established cooperation with universities, faculties and secondary schools. We work with them in the scope of regular lectures (as guest lecturers) and at themed events. We regularly organise meetings for students in Telekom Slovenije's premises, where we present work content, best practices and the technologies we use in our work. We also cooperate with secondary school and university students via compulsory internships and company scholarships, and provide them assistance in the drafting of their theses.

Telekom Slovenije is the general sponsor of the multimedia university study programme organised at the University of Ljubljana's Faculty of Electrical Engineering. In the area of employee training and e-training, we work with the Telecommunications Laboratory at the University of Ljubljana's Faculty of Electrical Engineering, actively cooperate with the School Centre for Postal Services, Economics and Telecommunications and the Faculty of Security Sciences at the University of Ljubljana, as its students are potential candidates for employment in the area of cyber and information security. We strengthened cooperation with the University of Ljubljana's School of Economics and Business. IPKO facilitates internships for students from various faculties, such as RIT Kosovo [formerly American University in Kosovo], Dardania College and the University of Prizren, the University of Pristina [Technical Faculty], Riinvest College, UBT College, etc.

ORGANISATIONAL VITALITY

The measurement of the organisational vitality index [ORVI], which includes the organisational climate, and employee satisfaction and commitment, is carried every two years within the Telekom Slovenije Group. That measurement was carried out by GVO in 2022. The response rate was 71.1%, a decrease of 15.7 percentage



⁷⁴ GRI 201-3, 401-2

⁷⁵ GRI 202-1, 405-2

points relative to 2019. The ORVI, which includes responsiveness, the work environment, systems, operational management, personal views and commitment, was 3.62 and down by 0.10 compared with 2019.

ORGANISATIONAL CULTURE

Telekom Slovenije is shifting the organisational culture towards a constructive style of employee behaviours and attitudes. A constructive style positively promotes superior quality, development, mutual cooperation and business excellence. Activities are carried out with an emphasis on mutual cooperation and the promotion of innovativeness and creativity.

APPRAISAL-DEVELOPMENT INTERVIEWS⁷⁶

Telekom Slovenije conducts appraisal interviews twice a year with all employees covered by the collective agreement and with employees under individual contracts who are not first and second level directors. Interviews with the latter are conducted once a year. Appraisal-development interviews are conducted once a year at the majority of subsidiaries. The overall assessment of work performance comprises an assessment of the achievement of objectives and an assessment of competences.

MANAGING INNOVATION



Telekom Slovenije collects the innovative proposals and ideas of employees via **Brihta, a digital collection site for ideas**. In place is an established procedure and comprehensive overview of proposals, from submission to potential implementation or feedback. Employees receive practical awards for useful ideas. Ideas that become innovations with higher added value may also be rewarded financially.

We also receive ideas from employees through the organisation of various events, such as internal inter-team events (*TIMO*), *Brihtalnice* [brainstorming workshops based on the so-called brainwriting method] and *BrihtaLive* events [all-day creative events]. With the aim of organising such events, and promoting creative and innovative thinking, we also set up additional, specific-purpose areas that we named *BrihtaPlac*.

Employees may also submit proposals for improvements, ideas and innovations at other Group companies. In 2022, TSinpo organised the *Tulec idej* [Idea Sleeve] project, in the scope of which the company invited employees to submit proposals on how its cardboard sleeves can be used.

76 GRI 404-3
77 GRI 3-3, 2-29, 402-1

COOPERATION WITH EMPLOYEE REPRESENTATIVES⁷⁷

In accordance with the Workers’ Participation in Management Act, we cooperate constructively with the works councils of Telekom Slovenije, GVO and TSmedia, and maintain constant social dialogue with trade union representatives [notification, joint consultation, issuing of consent, etc.].

Telekom Slovenije’s Works Council met at 12 regular and three correspondence sessions in 2022. Eight ordinary sessions were held in the Works Council’s current composition, while four were held in the previous composition. All correspondence sessions were held in the current composition.

Sessions were held in accordance with measures to prevent the spread of COVID-19, at the beginning of the year in the virtual environment and later live.

Due to the expiration of the previous term of office, members of the Works Council were elected in April 2022. Telekom Slovenije’s Works Council comprises 17 members, while Dušan Pišek was re-elected to serve as Chairman of the Works Council in its new composition.

Members of the Company’s Management Board briefed the Works Council regularly in 2022 regarding operating results, in accordance with the financial calendar. Sessions of the Works Council were also attended by member of the Management Board and Workers’ Director, Špela Fortin, who reported on her activities orally and in writing. The Works Council provided continuous information regarding the implementation of measures and initiatives adopted at its sessions.

Teleworking

If the nature of their work allows it, employees may perform their work remotely up to two days a week. The possibility of remote work has been very well-received by employees.

RESPONSIBILITY FOR EMPLOYEES AND ACTIVITIES OUTSIDE THE WORKPLACE

At the Telekom Slovenije Group level, we organise various events with employees, give gifts to employees’ first-graders, employees celebrating work anniversaries and new-borns, organise holiday day care services for employees’ children, and support Telekom Slovenije’s pensioners clubs.

Employees may join the **TSsport** sport club, which functions under the auspices of Telekom Slovenije and facilitates the participation of employees in recreational activities and national Telekom Slovenije Group championships in various sports. The club provides employees affordable offers for different branches of

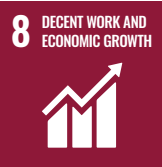


Telekom Slovenije employees may participate in a free online Pilates course once a week.

sports. During 2022, the club organised championships in skiing, badminton, table tennis, running, beach volleyball, sailing, golf, nine-pin bowling, standard bowling, shooting, tennis and basketball. It organised a beginners’ course in golf, a footgolf course and a self-defence course intended for women and the children of employees. Also available is an online Pilates course.

OCCUPATIONAL HEALTH AND SAFETY⁷⁸

We implemented measures at the Telekom Slovenije Group level again in 2022 to prevent the spread of COVID-19, albeit to a lesser extent than two years ago. We informed employees about preventive activities at home and in the workplace, and established protocols and instructions on what employees should do in the event of infection.



We provide employees all of the necessary protective equipment, as well as additional information and advice in the event of infection or potentially high-risk contacts.

The **management of occupational health and safety** is in line with legal requirements that are defined for all employees and for each sector separately. We implemented all key measures relating to occupational health and safety, and fire protection in 2022. We took regular measurements of environmental conditions and lighting in the work environment for all locations where deemed necessary. The process of identifying dangers associated with safe work was carried out at three levels: via regular occupational safety training, regular on-site inspections and various project groups.⁷⁹

78 GRI 3-3, I03, SDG 8
79 GRI 403-2
80 GRI 403-5
81 GRI 403-6

All training, both theoretical and practical, in the area of occupational health and safety was in line with the requirements of the law. That training is organised in the form of lectures, primarily as e-training. We organised training in the following areas: workplace injuries, fire safety, work at height and training for those persons responsible for carrying out evacuations. We regularly provided personal protective equipment and supervised its proper use. Major locations and Telekom Slovenije centres are equipped with semi-automatic defibrillators to provide aid in the event of cardiac arrest.⁸⁰



Telekom Slovenije notifies employees about additional preventive medical examinations, vaccinations against various diseases and current health content via the *Modro jabolko* [Wise Apple] portal. We promote a healthy lifestyle by publishing various articles and information about physical activity and a healthy diet. At the beginning of every year, we publish a schedule of additional medical examinations that employees may sign up for. There were 750 examinations performed last year. TSmedia encourages employees to be active with a weekly online exercise class.⁸¹

The area of occupational health and safety is comprehensively governed at companies in Slovenia by the Occupational Health and Safety Act [ZVZD-1] and by declarations of safety with risk assessments. This area is governed at IPKO by local legislation, its declaration of safety with risk assessments and through an internal health, safety and quality control system that includes all employees. In 2022, the company measured microclimatic conditions, defined potential risks in the workplace, and

adopted the necessary measures and recommendations. It also organised training for all employees.⁸²

Telekom Slovenije employees attending training are actively encouraged to participate in the development, implementation and evaluation of occupational health and safety. Responsibility is defined by the law and authorisations, while decisions are made by managers at various levels in cooperation with employees. Occupational health and safety issues are also discussed by the Company’s Work Council. We encourage employees to report potential dangers whenever they arise. In this way, we prevent or mitigate potential negative effects on health and safety. GVO has an Occupational Safety Committee that is appointed by the Works Council. Every workplace injury is analysed and reported to the competent authorities [form ER-8]. IPKO has a Health and Safety Team that comprises employee representatives from various organisational units and an expert in the aforementioned area. That team monitors the implementation of the health, safety and quality control programme, and issues recommendations for changes to that programme. Team members are available to employees at all times in the

resolution of issues. Three IPKO employees are certified in the area of occupational health and safety.⁸³

HEALTHCARE⁸⁴

Telekom Slovenije organises preventive medical examinations for all employees and for employees at other Slovenian Group companies in accordance with the law. To that end, medical doctors inspect work areas, working conditions and work processes at the Company as necessary. Based on those inspections and specific identified health indicators, they propose measures to improve the situation. Occupational medical services are accessible via preliminary, periodic or control examinations. We organised vaccinations against tick-borne meningoencephalitis for employees working in forests [or where so stipulated by the risk assessment], while we raise the awareness of employees in Slovenia about flu vaccinations. IPKO organises regular preventive medical examinations for employees in accordance with local labour legislation in Kosovo, as well as special training for employees who work in the field.

HEALTHCARE AND WORKPLACE INJURIES IN THE TELEKOM SLOVENIJE GROUP⁸⁵

Occupational health and safety	2022	2021	2020	Index 22/21
Number of injuries	35	38	34	92
Number of working days lost	1,637	1,177	1,345	139
Number of working hours lost	12,992	8,935	10,719	145
Number of medical examinations	1,501	1,093	835	137
- preliminary examinations	212	147	114	144
- periodic examinations	1,289	946	721	136
Number of deaths	0	0	0	0

The Telekom Slovenije Group has no employees at high risk to occupational diseases.

Slips as the result of wet, muddy, steep and icy surfaces and stairs accounted for the most injuries [11] in 2022. They were followed by cuts with working tools and collisions with objects.

FIRE SAFETY

In place in all of our facilities are fire safety rules and evacuation and fire plans that are reviewed and updated to reflect major changes. Fire safety training is carried out as part of occupational safety training. Fire extinguishers and hydrant networks were inspected and serviced in all buildings in 2022, while several evacuation drills were conducted. We regularly maintained and serviced active fire safety systems at facilities throughout Slovenia, and implemented separate fire sectors for the building located at Cigaletova 15. We recorded one minor fire at Telekom Slovenije in 2022.

82 GRI 403-1, 403-8
83 GRI 403-2, 403-4
84 GRI 403-3, I03
85 GRI 403-9

STRESS MANAGEMENT AND THE PREVENTION OF EMPLOYEE BURNOUT⁸⁶

Activities aimed at managing stress and preventing burnout are carried out at Telekom Slovenije in the scope of the *Živijo, stres!* [Hello, Stress!] project. We continued to organise webinars with various experts. The main theme of these types of training in 2022 was ‘happiness’, while the content of that training covered areas such as communication, nutrition, workplace and thus life management, the building of good relationships and self-esteem, happiness in the workplace, etc. The importance of stress management was also discussed at regular internal training workshops, while employees were encouraged to adopt a healthy lifestyle through thematic articles on the intranet [active breaks, nutrition, etc.]. Employees may talk with a psychologist via the special *Modri telefon* [Wise Telephone], while a great deal of useful information and advice about a healthy lifestyle is accessible by employees on a special intranet portal.

PARENTAL LEAVE⁸⁷

The use of parental leave is one of the indicators that are included in the measures of the Socially Responsible Employer Certificate. Employees with the right to parental leave exercise that right in full. Fathers also take child care leave in the early child development stage in the form of paternity leave. The latter has increased in the last year, which indicates that through adopted measures we offer numerous opportunities to facilitate a work-life balance.

	Telekom Slovenije Group		
	2022	2021	2020
Number of employees on parental leave	73	91	101
of which: women	54	72	82
men	19	19	19
Employees who returned to work following parental leave	54	76	84
proportion in %	74	83	83
of which: women	36	57	65
proportion in %	67	79	79
men	18	19	19
proportion in %	95	100	100

THE HEART FOUNDATION



SRČNI SKLAD

The aim of the Heart Foundation is to help the children of employees of Slovenian Telekom Slovenije Group companies who have lost a parent or who are seriously ill and require extended treatment. A total of 1,146 employees contributed to the foundation monthly in 2022. Telekom Slovenije contributed EUR 10,000 and GVO contributed EUR 3,000 to the foundation at the end of the year. Members of the Company’s Management Board, Supervisory Board and Works Council also made one-time donations.

Employees can make monthly donations of EUR 2, EUR 4, EUR 6, EUR 8 or EUR 10 to the Heart Foundation, and can also donate via text messages, in the form of a one-time donation or periodic contribution. We used monthly donations to help 44 children in 2022. We also helped three seriously ill children through one-time donations.

	Telekom Slovenije		
	2022	2021	2020
Number of employees on parental leave	21	26	22
of which: women	17	25	22
men	4	1	0
Employees who returned to work following parental leave	21	25	22
proportion in %	100	96	100
of which: women	17	24	22
proportion in %	100	96	100
men	4	1	0
proportion in %	100	100	0

86 GRI 403-6
87 GRI 401-3

SOCIALLY RESPONSIBLE EMPLOYER



The Socially Responsible Employer Certificate represents our commitment to continue striving to improve and upgrade activities relating to concern for employees and social responsibility in the future.

That certificate covers the following areas:

- organisational governance (social responsibility, sustainable development, efficient energy consumption and the environment);
- occupational safety and health (the promotion of the health and safety of employees and projects in the area of occupational safety and health);
- intergenerational cooperation (HR strategy, management of older staff, education and training, etc.); and
- achieving work-life balance (measures in the scope of the Family-Friendly Company Certificate, updated with additional measures).

The results of activities are reflected in the engagement, high level of commitment, personal satisfaction and high level of loyalty of employees.

FAMILY-FRIENDLY COMPANY



The Family-Friendly Company Certificate has become part of the Socially Responsible Employer Certificate. The certificate includes measures and activities that represent elements of the values of the corporate policy and organisational culture.

Work-life balance is a value to which we dedicate special attention. We support that balance through various activities (flexible working hours, adapted working hours during the induction of children into day care, etc.) and flexible forms of work, such as work from home or work at a different location. We intensively implement activities relating to the protection and promotion of health. Through selected measures, we strengthen employee loyalty and create a positive work environment, which is also recognised by external stakeholders who rank us amongst the most respected employers. The Company's values are intertwined in all adopted measures of the certificate.

MOST RESPECTED EMPLOYER

Telekom Slovenije is proud of the fact that we rank amongst the most respected employers and are one of the most desirable employers on the Slovenian market. We are recognised as such by both employees and the external

public, as we are the recipient of various certificates and awards.

In 2022, we were recognised as the most respected employer in the telecommunications and network sector in research organised by MojeDelo.com, and ranked amongst the 10 most respected employers in Slovenia. We also ranked amongst the top employers in the Employer Appeal survey.

Following an in-depth assessment of HR practices, the independent international organisation **Top Employers Institute** awarded Telekom Slovenije the internationally renowned Top Employer certificate for the second year in a row. That certificate represents the global professional standard in recognising excellence in corporate people practices, and is an exceptionally important recognition for companies that receive it.



COMMUNICATION WITH EMPLOYEES

A great deal of attention is given to communication with employees to ensure that they have at their disposal current information, and that they are continuously briefed on the latest trends in the portfolio and on developments at the level of the Company and Group. We use various channels to communicate with employees. The main communication tool at Telekom Slovenije is the intranet which, in addition to providing information about developments at the Company and Group, facilitates the safe transfer of internal documents, such as manuals, rules, instructions, forms, etc. It also provides different options for the use of multimedia content, while we include employees to a large extent in the creation of that content. To that end, we communicate with employees via Microsoft Teams, digital screens that are placed at various locations, email and electronic newsletters, and at different events such as workshops, webinars, training with internal and external experts, councils and miscellaneous internal events. We organised Telekom Slovenije Group Day and a New Year's party in 2022. Every Group company has in place their own method of communication with employees. All activities for employees are linked by the #connected platform. **#povezani**

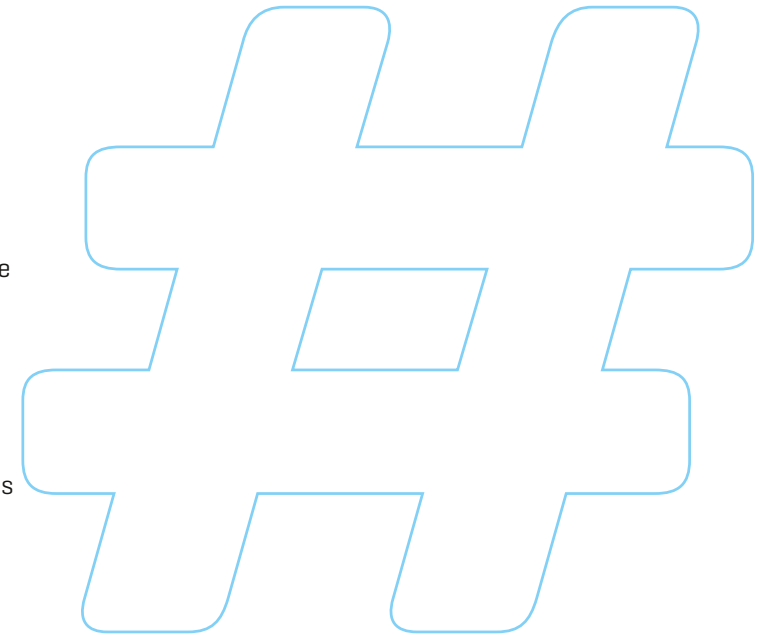
EMPLOYMENT AND TRAINING OF DISABLED PERSONS⁸⁸

The Telekom Slovenije Group facilitates the continued regular employment of employees with work limitations due to disabilities. Group companies have a total of 97 employees of various disability levels (3% of all employees). Of those persons, 45.4% are full-time

workers. Telekom Slovenije and GVO regularly exceed the legally prescribed quota of disabled employees. The quota for the



information and communications sector is 2%, while the quota for the construction sector is 3%. These companies are therefore entitled to compensation in the amount of 20% of the minimum monthly wage for each disabled employee over the prescribed quota. IPKO has two employees with disabilities, but there is no remuneration system as described above at the national level in Kosovo.



TSinpo – responsibility to society and the environment



The company produces and markets cardboard sleeves and packaging under its own brand. All products are made from 100% recycled cardboard. Evens caps are made from recycled LDPE, through which the company is reducing its carbon footprint. TSinpo provides Telekom Slovenije various support services, such as the control, refurbishing and distribution of telecommunications terminal equipment, the technical preparation of telecommunication works, the compilation of sales and other packages, the distribution of marketing materials, the preparation and distribution of CRM materials for end-users, the maintenance of the documentary material archive and a correspondence contact centre. The company is also present on the market with documentary material scanning and various packaging services.

TSinpo facilitates the employment and training of disabled persons, and the adaptation of jobs to their needs. The company employs disabled persons from within the Group and from the labour market. The company had 46 employees in 2022, 26 of whom are disabled workers. In cooperation with external authorised organisations and with the help of its own mentoring team, TSinpo trains employees with work limitations for work adapted to their needs. In this way, it increases the employment of disabled persons in the wider social community and opens opportunities to advance their careers.



8.3

SUPPLY CHAIN⁸⁹

PROCUREMENT FUNCTION

We develop long-term relationships with suppliers through correct and open communication, the fulfilment of agreements, the reliability of payments and the inclusion of suppliers in the process. To that end, we comply with legal and ethical principles.

The procurement policies of all Group companies are coordinated and standardised, and include strategic policies and principles for a transparent procurement process. The procurement function is centralised, and thus facilitates the economic, efficient and transparent use of funds. For the easier management of procurement processes with specific content, purchases of specific goods and services are carried out separately from central procurement by experts from the ordering area. The procurement of those goods and services is carried out by decentralised procurement units at the Company that are given the necessary authorisations to carry out procurement procedures.

We have a standardised procurement procedure in place that facilitates the transparent and equal treatment of potential suppliers. We assess the risks of cooperation with new suppliers, and thus prevent increased costs and the loss of reputation. We regularly review existing strategic suppliers, assess them and define measures for improving



cooperation. The selection of the most appropriate supplier is carried out in accordance with an offer assessment methodology.

The supply chain comprises the suppliers of goods and services, operators and agents in the sale of goods and the conclusion of subscriptions. Telekom Slovenije cooperates with 2,964 suppliers from 40 countries. A total of 97% of suppliers are from the European Union.

Total turnover between Telekom Slovenije and Slovenian subsidiaries and their business partners amounted to more than EUR 627 million in 2022, including VAT. That amount also includes sponsorships and donations.

Conditions on the global market were difficult and unpredictable in 2022. The result is a lack of certain commodities and materials on the market, and rising prices of energy, commodities, equipment and materials. We ensured undisturbed deliveries through continuous communication with suppliers and the regular monitoring of the potential impact on supply. We called on suppliers to further optimise costs, while we searched for replacements and new and alternative suppliers. In order to mitigate the risk of supply failures, we introduced additional supply sources (multiple suppliers) where reasonable and feasible. With the exception of a few minor delays that did not affect operations, we did not encounter any major problems in supply.

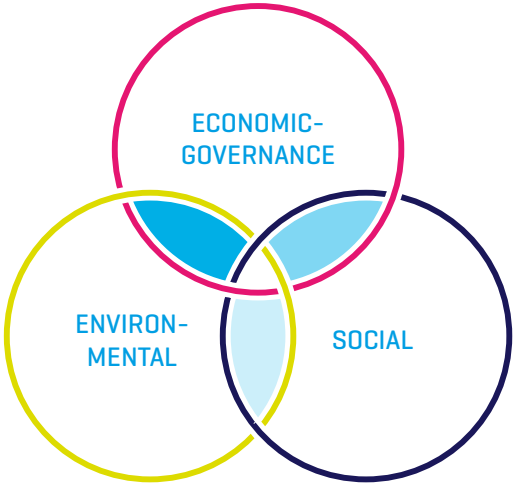
We inform key suppliers about sustainability commitments and goals, and thus encourage them to take a step together on the path to sustainability.

LOGISTICS

We adapt to the dynamics of the market through the optimisation of logistics processes, and by supporting IT and all those involved in the supply chain. We are raising social and environmental awareness, and establishing more sustainable and responsible logistics.

Telekom Slovenije is establishing an EDI system that will facilitate the documentary exchange of data and other information crucial for ensuring the traceability and transparency of operations, document retention and prompt analysis reports.

SUSTAINABLE ASPECTS OF PROCUREMENT⁹⁰



We take an **energy efficiency** assessment and **responsible environmental management** into account in procurement processes in accordance with ISO 50001 and ISO 14001.

We insist that suppliers are committed to complying with legal requirements and best practices in the areas of energy and environmental management.

All sectoral legislation is taken into account when ordering electrical and electronic equipment, batteries, accumulators and air conditioning systems. Priority is given to energy efficient services, products and equipment. We thus take into account in the procurement process an energy efficiency assessment over the entire expected lifecycle of a service, product or equipment.

We obtain information from suppliers regarding their energy and environmental management activities as the basis for assessing one of the criteria for cooperation with strategic suppliers.

16.9% of suppliers have a certified ISO 14001 environmental management system.

6.3% of suppliers have a certified ISO 50001 energy management system.

98% of suppliers include environmental management and energy efficiency in their development criteria and use environmentally more acceptable and recycled materials.

We facilitate paperless operations and encourage suppliers to do the same. One of the most important elements of paperless operations are e-invoices, which account for 48.93% of all received invoices.

Through centrally managed procurement processes, a standard policy on the management of partners and suppliers, the exploitation of synergies and the reduction of procurement costs, we strive to contribute as much as possible to the Company's competitiveness and profit.

We expect our suppliers to:

- respect the same social standards we respect;
- recruit employees in accordance with the applicable laws and regulations; and
- to respect human rights.

0.43% of suppliers are registered as disabled workers' companies. 0.63% of turnover is generated with those suppliers.

We encourage internal users to reuse products more [e.g. through the refurbishment of modems, etc.], to buy refurbished equipment, to recycle [through the sale of equipment parts that are no longer in use for the purpose of reusing the equipment/materials].

We strive to purchase sustainable products and reduce prices through the optimisation of the content of the portfolio of products and services.

We expect suppliers to respect the **Code of Conduct for the Suppliers of the Telekom Slovenije Group**, which defines basic principles of conduct and standards.

To ensure compliance in procurement procedures, we include **anti-corruption clauses** in general procurement terms and conditions, and in agreements with suppliers. By signing a statement, we eliminate potential conflicts of interest with those involved in the process, while we also verify potential conflicts of interest on the side of suppliers.

We use control points to **prevent cross-interests and conflicts of interest** in the procurement process.

Together with suppliers, we take a joint approach to the development of the services that we provide to users on the market (in the form of joint ventures).

Our procurement processes support the local economy, as the majority of turnover is generated with **Slovenian suppliers**. Procurement outside of Slovenia is carried out for goods and services that we are unable to secure in Slovenia or that are uncompetitive in terms of price.

96.83% of suppliers are from the European Union, while 89.81% of suppliers are from Slovenia.

We settle our liabilities by the agreed payment deadlines, and earlier in the event of surplus liquidity.

We strive to meet the expectations of suppliers through correct communication, by respecting agreements and through the reliability of payments, and thus enhance the Company's reputation.

89 GRI 2-6, 3-3

90 GRI 204-1

8.4 ENVIRONMENTAL IMPACT⁹¹

The Telekom Slovenije Group operates in a sector where the environmental impact in terms of energy consumption is highest. We therefore develop business processes with the aim of improving energy efficiency. We raise awareness about the importance of this area amongst employees through training, while we also encourage users to manage energy and the environment responsibly.

We consistently fulfil legal requirements in the procurement of products and services, and in the development of the most advanced ICT services and solutions. We systematically reduce our impacts through the use of certified quality management systems. We monitor our progress using measurable indicators.

We are included in professional initiatives aimed at development and the communication of scientific positions regarding the impacts of our sector on the environment and world we live in. We ensure sustainable operations

and encourage the cooperation of all stakeholders. We acknowledge initiatives and respond to them continuously.

Key policies:

- regular monitoring of the use of resources, in particular energy consumption and associated costs;
- the compliance of strategic and energy-related objectives with operations and development;
- monitoring and compliance with the requirements of Slovenian and European law; and
- the methodical prevention and reduction of impacts on society, the environment and the world we live in.

Soline has a significant impact on wetlands and coastal biodiversity. For this reason, its activities and impacts are reported in more detail at the end of this section.

ENERGY⁹²



Telekom Slovenije has in place an energy management system [EMS] that is subject to independent external assessments [according to the ISO 50001 standard] through which we successfully reduce total energy consumption. We also meet conditions for the performance of energy audits by our own experts. With more than 190 completed energy audits, we are among the leaders in Slovenia, allowing us to save around

EUR 40 thousand a year. We performed internal energy audits again in 2022 for all buildings for which the validity of the previous audit expired.

Energy costs and consumption at Telekom Slovenije Group and Telekom Slovenije

	Telekom Slovenije Group				Telekom Slovenije			
	2022	2021	2020	Index 22/21	2022	2021	2020	Index 22/21
Consumption of electricity [in GWh]	90.0	90.6	89.9	99	71.7	72.6	73.5	99
Electricity costs [in EUR thousand]	14,028	9,025	9,306	155	12,327	7,462	7,728	165
Fuel consumption for vehicle fleet [in litres]	1,407,166	1,403,024	1,356,278	100	782,396	791,053	788,544	99
Cost of fuel for vehicle fleet [in EUR thousand]	1,970	1,566	1,274	126	1,117	898	755	124
Cost of fuel for heating [in EUR thousand]	834	805	669	104	802	761	634	105
Production of own electricity from solar power plants [in kWh]	262,401	226,422	230,360	116	238,821	204,512	207,432	117

Source: SAP; energy management system.

91 GRI 3-3, SDG 12.2
92 GRI 302-1, 302-4, SDG 7, SASB: TC-TL-130a.1

ELECTRICITY

Electricity is our most prevalent energy product in terms of quantity and costs We reduced electricity consumption at the Group level and at Telekom Slovenije by around 1% in 2022 relative to the previous year. Total costs were up by 55% at the Group level and by 65% at Telekom Slovenije due to higher electricity prices. Other users of our real estate account for a fifth of electricity consumption. Production by Telekom Slovenije’s own solar power plants accounted for close to a third of a percent of total electricity consumption [around 200 thousand kWh].

Telekom Slovenije’s energy management system facilitates effective control over energy consumption, and includes 2,450 metering points, 85 locations with heating devices and more than 12 thousand data entities. We continuously upgrade and supplement the system through the development of the network.

ACHIEVEMENT OF ENERGY OBJECTIVES

Our main energy objective to reduce total electricity consumption is integrated into the personal goals of the entire responsible organisational unit, while the energy management system itself is likewise integrated into regular work processes. We have also set other environmental goals: to improve the energy efficiency of the vehicle fleet, to reduce noise and emissions into the atmosphere by modernising technological devices, etc.

We met strategic and annual objectives relating to efficient energy consumption again in 2022. We reduced electricity consumption in

the fixed segment of the network by optimising equipment and premises at functional locations. Despite effort to reduce consumption in connection with existing services, energy costs will be higher in 2023 on account of significantly higher energy prices and in part due to the accelerated increase in radio network capacities. We intend to increase the number of own solar power plants considerably by 2026, as well as the quantity of energy produced by that source.

We reduced electricity consumption in Slovenia by discontinuing the use of 3G technology on 30 September 2022 and replacing it in full with more energy-efficient 4G and 5G technologies. We replaced old air conditioning units in several buildings with technologically more advanced and more energy-efficient units, and upgraded direct and alternating current systems in buildings in the fixed and mobile network with the aim of ensuring a continuous and back-up power supply.

IPKO adopted several measures to reduce electricity consumption, including the installation of more efficient air-conditioning devices and the replacement of old lighting with LED systems at ten branch offices.

ELECTROMAGNETIC RADIATION [EMR]⁹³

EMR measurements are carried to coincide with the expansion and upgrading of the fourth- and fifth-generation mobile network. In Slovenia, those measurements are carried out by authorised institutions. Telekom Slovenije carried out 141 EMR measurements in 2022 [323 in 2021], with 5G technology accounting for 78 of those measurements. The results indicated that, even in the worst case,

measured values in human-accessible areas were more than four times lower than the strict thresholds valid in Slovenia, and more than 10 times lower than the values set out in the ICNIRP’s guidelines and the EU’s recommendations. Average exposure was significantly lower and amounted to just a few percent of the thresholds for level I radiation protection areas in accordance with the Decree on Electromagnetic Radiation in the Natural and Living Environment. IPKO did not carry out measurements during the last two years.

All reports on EMR measurements are submitted to the Slovenian Environment Agency, where data regarding environmental impacts are stored and accessible by the general public. We received one request in 2022 from the Environment and Spatial Planning Inspectorate for documentation regarding EMR at the Ljubljana–Bežigrad TLK base station. That documentation was delivered by the prescribed deadlines, with no comments forthcoming from the aforementioned inspectorate.

In cooperation with Forum EMS, the population is informed about radiation and other environmental impacts through brochures at Telekom Slovenije’s points of sale. In the scope of the e-card EMS project, Forum EMS developed a mobile application that allows the general public to access data regarding harmful impacts on the environment due to high-frequency EMR and the effect of exposure due to the use of mobile phones: [E-card – Institute for Non-ionising Radiation \[INIS\]](#).

93 GRI PA8, GRI 2-23, 2-24, 2-27



VEHICLE FLEET⁹⁴

We are continuing to expand the network of smart charging stations to meet the rising number of electric vehicles, and are ensuring electric vehicle charging at all of our major locations. We encourage employees to make use of the electric vehicle sharing services provided by external suppliers.

Telekom Slovenije has a total of twelve charging stations at four locations, and will expand the network in 2023 with four new charging stations. GVO has ten internal and three public electric vehicle charging stations. There is also a charging station at the entrance to the Sečovlje Salina Nature Park.

One of the criteria when purchasing new vehicles is energy efficiency. When making deliveries, suppliers are committed

to respecting best practices in the area of energy and environmental management, and in related areas (Euro 6 emission standard).

The Telekom Slovenije Group had a total of 1,037 vehicles in 2022, including 24 electric vehicles (one of which is a train with two wagons for transporting 50 passengers around the Sečovlje Salina Nature Park) and 10 hybrid vehicles. Telekom Slovenije had a total of 627 vehicles, including seven electric vehicles. The Group reduced fuel consumption by 12% relative to 2021, while Telekom Slovenije reduced consumption by 9%. The table below illustrates the number of vehicles with internal combustion engines (diesel and petrol) and total fuel consumption.

Number of vehicles with internal combustion engines and fuel consumption within the Telekom Slovenije Group and at Telekom Slovenije, in litres

	Telekom Slovenije Group				Telekom Slovenije			
	2022	2021	2020	Index 22/21	2022	2021	2020	Index 22/21
No. of vehicles	1,013	1,058	1,037	96	620	646	658	96
Fuel consumption in litres (diesel)	1,078,621	1,060,413	1,013,079	101	526,606	529,220	519,741	99.5
Fuel consumption in litres (petrol)	332,915	342,611	343,199	97	255,790	261,833	268,803	97.7

CARBON FOOTPRINT⁹⁵

We performed an internal assessment of Telekom Slovenije’s carbon footprint in 2022 according to the methodology set out in the international Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. The definition of organisational boundaries includes the parent company and all of its organisational units at several locations in Slovenia, and excludes Slovenian and foreign subsidiaries and associates. We included in the calculation the emission scopes, categories or activities presented below:

- **Scope 1:** Direct emissions from the consumption of fuels (e.g. heating and company vehicles) and fugitive emissions from electricity and air conditioning systems (HVAC).
- **Scope 2:** Indirect emissions from consumed electricity and heat.

The most significant source of greenhouse gas emissions (GHG) is electricity consumption, which accounts for 90% of Scope 1 and 2 emissions.

Proportion of Scope 1 and 2 emissions

- 0.71%

S1-1: Stationary emissions
- 3.93%

S1-2: Mobile emissions
- 0.52%

S14: Fugitive emissions from HVAC and refrigeration systems
- 6.33%

S2-1: Indirect emission from electricity consumption (location-based)
- 84.46%

S2-2: Indirect emission from electricity consumption (market-based)
- 1.06%

S2-3: Indirect emission from heat consumption (location-based)
- 2.99%

S2-4: Indirect emission from heat consumption (market-based)

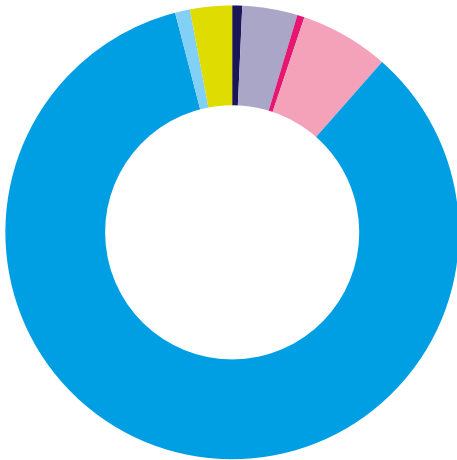


Illustration of Telekom Slovenije’s carbon footprint by individual scope category

Emission category	GHG emissions in tonnes of CO _{2eq}		Indeks
	2022	2021	22/21
Scope 1 (direct emissions)	2,618	2,916	90
S1-1: Stationary emissions (heating)	359	371	97
S1-2: Mobile emissions (work vehicles)	1,996	2,033	98
S1-4: Fugitive emissions from HVAC and refrigeration systems (cooling technology)	263	512	51
Total Scope 2 (indirect emissions)	48,119	38,138	126
S2-1: Indirect emissions from electricity consumption (location-based method)	3,209	5,567	58
S2-2: Indirect emission from electricity consumption (market-based method)	42,854	30,180	142
S2-3: Indirect emissions from heat consumption (location-based method)	537	643	84
S2-4: Indirect emissions from heat consumption (market-based method)	1,518	1,749	87
Total Scope 1 and 2	50,737	41,055	124
Carbon footprint (Scope 1 and 2) in CO_{2eq} per employee	24.13	19.37	125

In the market-based method, we used the latest available emission factors set at the level of electricity supplier with regard to the structure of sources, as calculated by the electricity supplier. The most recent known and published supplier emission factors are for 2021. Published emission factors for identified suppliers are used as market emission factors, while the location-based emission factor published in Annex III to the Rules on the Methods for Determining Energy Savings (Official Gazette of the Republic of Slovenia, No. 57/21) is used for remaining electricity consumption. The same approach is applied to energy for heating.

The total value according to the market- and location-based methods is included in the total value of Scope 1 and 2 emissions and the carbon footprint indicator per employee. The market-based method is used for the majority of electricity consumed. Electricity consumption at co-locations

is not taken into account as emissions of the organisation, as it includes the consumption of other location users. The organisation has no influence over emissions due to electricity consumption at other operators. We treat them as ‘out of scope’ emissions. Emissions that arise from the consumption of energy supplied to subsidiaries are treated as Scope 3 (as category S3-13 Leased assets).

We included the following in non-mandatory reporting under **Scope 3** (other indirect emissions): the consumption of drinking water, office paper, printed materials and other packaging, losses in internal electricity consumption, forwarded waste, business travel, employee commuting, the leasing of electric vehicles, work from home and assets leased to others (heating, electricity and drinking water in leased premises, and the consumption of electricity by CPE equipment at users).



94 GRI 302-1
95 GRI 3-3, 305-1, 305-2, 305-3



Segments included in Scope 3 categories

Emission category	Activity	GHG emissions in tonnes of CO _{2eq}		Index
		2022	2021	22/21
S3-1: Purchased goods and services	Consumption of drinking water, office paper, printed materials, and other packaging and paper	225	10	2.366
S3-3: Energy consumption not included in Scope 1 and 2	Own electricity consumption	1,077	1,100	98
S3-5: Waste management	Waste forwarded to collection centres, waste water	143	205	70
S3-6: Business travel	Business travel [car and air transport]	26	11	237
S3-7: Employee commuting	Employee commuting [cars]	1,662	1,400	119
S3-8: Leased assets	Electric vehicles under lease and work from home	250	378	66
S3-13: Leased assets	Heating, electricity and drinking water in premises leased to others, and the consumption of electricity by CPE equipment at users	22,383	23,220	96
Total Scope 3 [other indirect emissions]		25,765	28,344	91

In 2022, we began the additional collection of data for the calculation of certain Scope 3 emission categories. We reassessed values for 2021 where we were able to obtain more reliable data. The values for 2021 are thus adjusted.

REAL ESTATE MANAGEMENT

We actively manage and invest in real estate with the aim of optimising business potential and increasing recoverable value. To that end, we improve utilisation, and ensure rational use and increased functionality.

WASTE MANAGEMENT⁹⁶

We are introducing **circular economy principles** in waste management, when a used product or materials become raw materials for reuse or processing, resulting in the smallest possible amount of waste. Electronic equipment returned by users is carefully inspected, cleaned and prepared for reuse at TSinpo. We thus extend the useful life of equipment, increase cost-effectiveness and reduce the volume of electronic waste.

All completely worn-out or defective equipment is forwarded to authorised and certified partners included in the waste management scheme for further processing. In accordance with the law, those partners ensure that equipment is reused as raw material for new products to the greatest extent possible, while unused parts are

appropriately destroyed with the smallest possible impact [footprint] on the environment.

Telekom Slovenije has a certified environment management system [in accordance with the ISO 14001 standard], through which we demonstrate our awareness of and responsibility to the environment, and our waste management efforts. The following types of waste are generated by Telekom Slovenije and its subsidiaries: construction waste from the construction of the fibre optic network, hazardous waste [waste electronic equipment, and waste batteries and metals], municipal waste and other separately collected fractions.

The Telekom Slovenije Group forwarded a total of 6,710 tonnes of waste in 2022, an increase of 17% relative to the previous year [due to an increase in construction and mixed municipal waste]. Telekom Slovenije forwarded 3,850 tonnes of waste, a decrease of 26% relative to the previous year [due to significantly less construction waste, which accounts for 87% of all waste at the Company level]. The majority of forwarded waste is recycled or reused. Earth excavated during the construction of the network is used as material to cover cable trenches. All waste electrical and electronic equipment is dismantled, resulting in reusable plastic [18%] and metal [78%], while only around 3% of the aforementioned waste is incinerated. Remaining waste is also forwarded for material recovery [around 87%], while only 13% is forwarded for energy recovery. Waste for energy recovery is only forwarded

to licenced collectors that hold the relevant environmental licences and that comply with the highest environmental standards in accordance with European legislation.

Users can also dispose of waste packaging from purchased products, used mobile phones, tablets, computers, etc. at points of sale.

Quantities of separated waste within the Telekom Slovenije Group and at Telekom Slovenije

Type of waste [in tonnes]*	Telekom Slovenije Group				Telekom Slovenije			
	2022	2021	2020	Index 22/21	2022	2021	2020	Index 22/21
Waste electrical and electronic equipment, and waste batteries and metals	278.3	343.2	302.7	81	278	343	302	81
Waste packaging	98	145	150	67	96	144	150	67
Mixed municipal waste	748	604	3,307	124	141	75	100	188
Construction waste	5,586	4,657	8,353	120	3,335	4,651	8,347	72
TOTAL	6,710	5,750	12,113	117	3,850	5,213	8,899	74

* Certain Group companies collect data in m³; we used a conversion factor of 1 m³ = 177 kg to convert figures into tonnes of waste.

WATER MANAGEMENT

Water [sea water] is crucial for Soline, but does not represent an important environmental impact at Telekom Slovenije and other Group companies, as they are not major consumers of water and do not need water to perform their core activities. Due to the scattering of locations throughout Slovenia [only a few locations are in water protection zones] and various municipal ordinances on the provision of municipal services, data regarding the consumption of water are monitored via calculations, and we cannot currently disclose water consumption in terms of quantity. The majority of the locations owned by the Company comprise properties where employees are not always present. Water consumption at those locations is thus low.

We encourage employees to drink tap water where possible. We thus discontinued the use of water coolers with plastic bottles in 2021.

PAPERLESS OPERATIONS⁹⁷



A total of 48.93% of invoices were received in electronic form in 2022, an increase relative to 2021. Users who have given us their consent only receive invoices for our services in electronic form. We also encourage users to receive electronic invoices for the purpose of electronic banking.

Telekom Slovenije consumed 13 tonnes of office paper in 2022. There is no comparison with the previous year

available, as we previously monitored consumption in euros, which is no longer realistic due to major shifts in prices in 2022.

We use a qualified digital certificate for the signing of subscriber-related documents. Users are also able to sign documents using a digital tablet, meaning an increasing proportion of documents retain their original form and remain in electronic form for their entire life cycle. Our field technicians also sign documents electronically in their work. A large proportion of agreements and other documents are sent to users in electronic form after they are signed. We also digitalise incoming documents, so that more than 70% of those documents are already digitalised.

The Company's archive materials represent an important part of its documentary materials and are of permanent importance for its history, the broader environment, science, culture and legal protection. The management of Telekom Slovenije's documentary materials is governed by internal acts that together make up internal rules in the aforementioned area. In August 2021, we received a new five-year certificate in the form of a decision from the Archives of the Republic of Slovenia, which states that Telekom Slovenije's internal rules are compliant with the law governing the protection of documentary and archive materials.

TSmedia also uses e-invoices, as well as electronic forms for procurement and the reservation of company vehicles, while orders are sent to suppliers electronically. The telephone directory, which is accessible on DVD and on the itis.si website, is also issued electronically.

96 GRI 3-3, 306-1, 306-2, 306-3

97 GRI TA2, SDG 12, 306-2

RESPONSIBILITY FOR THE NATURAL ENVIRONMENT

CAREFUL PRESERVATION OF 700-YEAR-OLD NATURAL AND CULTURAL HERITAGE

Soline manages the state-protected Sečovlje Salina Nature Park (SSNP) under a concession agreement concluded with the Republic of Slovenia. Key administrative objectives were set out in the plan for managing the Sečovlje Salina Nature Park for the period 2011 to 2021, which was adopted by the Slovenian government. A new management proposal for 2022 and 2023 is in the process of being approved.

The most important objectives of managing the SSNP include the preservation of the wetland characteristics of the saltpan ecosystem, its biodiversity and the economic and cultural values of the region. Soline submits an annual plan and a report on the management of the park to the Ministry of the Environment and Spatial Planning for approval. Every activity that exceeds the normal impacts on the environment is approved in advance by the department responsible for the protection of nature and cultural heritage.⁹⁸

Soline achieves its management objectives through the following activities:

- maintenance of the saltpan ecosystem;
- preservation of traditional salt production processes and centuries-old technological processes; and
- continuation of salt production, which is an integral part of the historical development of the region.

The area of the SSNP, measuring 700 hectares, land and other real estate are owned by the Slovenian government. Of the once numerous saltpans in the Gulf of Trieste, only the Sečovlje and Strunjan saltpans have been preserved. These locations are thus of exceptional importance in terms of ethnological, technical, historical, settlement and landscape heritage. The immovable cultural heritage of the Sečovlje saltpans includes salt fields, channels and embankments with stone walls, steps and sluice gates, saltworkers’ houses and the surrounding area, paths, bridges, pumps, etc. The Saltworks Museum in Fontanigge presents how salt was produced in medieval times.⁹⁹

In the scope of the climate fund, we continued the renovation of 1,986 meters of embankments in the Lera salt production area in 2022, as well as five sluice gates for controlling seawater in the Fontanigge area. We also began to implement traffic-calming measures in the Lera and Fontanigge areas, which we will complete by the end of March 2023.¹⁰⁰

98 GRI 3-3
99 GRI 304-1
100 GRI 304-3
101 GRI 304-4



We continued to replace diesel vehicles with electric vehicles in 2022. The new electric Peugeot e-Traveller is intended for the transport of employees, the renters of berths, the elderly and disabled persons in the SSNP. We are pursuing the goal of becoming the first protected area in Slovenia with a zero-carbon footprint. With the implementation of the CARS-OUT! project, we discontinued access to the park by motor vehicles in 2017 and ensured environmentally acceptable visits to the park using electric vehicles.

In 2022, we invested EUR 280,000 in measures to manage the effects of climate change on the saltpan ecosystem in the Sečovlje and Strunjan saltpans and other wetlands. We are thus achieving objectives that contribute significantly to the EU’s environmental objectives of climate change mitigation and adaptation.

The saltpan ecosystem is specific to the coastal wetlands. Salt production does not produce any environmentally harmful by-products, as the entire process relies on traditional, 700-year-old processes. The aforementioned concession agreement requires us to continue producing salt using traditional processes, as the latter are crucial for maintaining the cultural landscape and biodiversity. The use of the civil works and traffic infrastructure is kept to a minimum.

Research confirms that invasive exotic species have not been introduced to the saltpans due to the production process. The presence and number of such species are not yet so high as to have significant consequences for ecosystems or communities. The number of species in the Sečovlje Salina Nature Park has not fallen over the last ten years; on the contrary, we have recorded continuous growth in populations. Additional measures aimed at the state of the hydrological regime have led to an increase in the number of natural habitats for which halophilus plants are characteristic. No major changes in ecological processes were seen in 2022.

There are no endangered animal or plant species from the IUCN’s global list of endangered species present in the SSNP.¹⁰¹ Around 20 bird species are included in the annexes to the Birds Directive, while two species of fish, four amphibious species and one reptilian species are included in the annexes to the EU’s Habitat Directive. At least 45 plants are included on the national list of endangered plant species.



Soline renovated salt workers’ houses after floods in 2019 and 2022

The Sečovlje Saltpans are included in the European Natura 2000 network. The region is recognised as one of two that are of national importance to the migration of birds according to the Bird Directive, while the saltpans are defined as a wetland of international importance according to the Ramsar Convention.

The saltpans are best known for birds, as they are a large body of water that birds use for food, overnight shelter or wintering during their migration. Certain species nest in the saltpans.

Two insect hotels were set up in the Fontanigge area in the scope of planned activities to protect wild pollinators in accordance with the Slovenian government’s World Bee Day Action Plan.

The inclusion of the local community in the raising of awareness and the preservation of cultural heritage is crucial. The local community is included in the management of the park through its participation in the Sečovlje Salina Nature Park Committee. This cooperation also takes place through the organisation of joint on-site events and presentations. The SSNP recorded 50,732 visitors in 2022. The majority of people visited the Lera area, while there were 5,269 visitors to the Fontanigge area.

The sensitive natural environment in which the park is situated requires

the continuous improvement of environmental and energy efficiency. The consumption of electricity has been reduced in recent years through changes in the regime for managing cooling and heating devices in visitor buildings. Work vehicles are being gradually replaced by electric vehicles. Soline was not fined for failure to comply with environmental laws and regulations.¹⁰²

Data regarding electricity and fuel consumption in the table are already included in data for the Group as a whole. They are disclosed here separately in order to comprehensively present environmental impacts in the SSNP. Fuel consumption was down relative to the previous year, while electricity consumption was up slightly. The consumption of natural gas, which we use for the additional heating of pool water, was up due to unfavourable conditions for the operations of the Lepa Vida Thalasso Spa.

Sea water from the production of salt is returned to the sea uncontaminated. We segregate the salt pan area into crystallisation basins, salt water tanks and evaporation basins for salt production. We collect water at high tide and thicken it 21 days, while salt is produced daily. The seawater capture cycle is repeated weekly during the



In August 2022, the very rare red-necked phalarope (Phalaropus lobatus) was spotted for the first time in the Fontanigge area and in Slovenia.

salt production season. Brine is gradually released back into the sea following salt production.

Only used sanitary water that is discharged into the public sewerage network is treated as waste water. We used 2,200 litres of sea water in 2022 for the functioning of the Lepa Vida Thalasso Spa, in particular for the pool and salt-water showers, where the use of soap and shampoo is forbidden. The sea water that is used for showering and the rinsing of salt-pan mud from the body passes through two collectors to separate mud from the water, which is discharged back into the sea. The sea water used in the swimming pool flows to a collection tank during filtering, where it is dechlorinated and passes to a drainage system for its return to the sea.¹⁰³

Waste is consistently separated and disposed of by the competent municipal department.

CONSUMPTION OF ENERGY AND NATURAL RESOURCES AT SOLINE¹⁰⁴

	2022	2021	2020	Index 22/21
Consumption of natural gas [in m³]	2,992	2,497	4,006	120
Consumption of electricity [in MWh]	418	403	401	103
Consumption of fuel [in litres]	31,494	35,111	25,970	90
Consumption of sanitary water in m³	2,279	1,820	1,582	125
Consumption of sea water in m³	173,300	220,050	184,050	79
- salt production	171,100	218,050	182,000	78
- Thalasso Spa Lepa Vida	2,200	2,000	2,050	110

102 GRI 2-27
103 GRI 3-3, 303-1, 303-2
104 GRI 303-3

8.4.1 DISCLOSURES OF INDICATORS FOR ECONOMIC ACTIVITIES THAT ARE INCLUDED IN THE 2022 EU TAXONOMY

In accordance with the regulatory framework, which comprises Regulation [EU] 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, Commission Delegated Regulation [EU] 2021/2139 of 4 June 2021 supplementing the Taxonomy Regulation and enclosures thereto and Commission Delegated Regulation [EU] 2021/2178 of 6 July 2021 supplementing the Taxonomy Regulation, and in accordance with guidelines issued by the Securities Market Agency, the Telekom Slovenije Group is obliged to publish key performance indicators for 2022 in connection with services linked to economic activities that are deemed sustainable.

The majority of activities necessary for the provision of telecommunication services are not currently included in the application of Annexes I and II to Commission Delegated Regulation [EU] 2021/2139, which means that EU Taxonomy reporting requirements do not currently apply to the majority of the Telekom Slovenije Group’s activities.

In order to identify aligned activities, the Telekom Slovenije Group carried out a comprehensive review of

telecommunication and other service activities and, based on the available reporting attributes, determined which activities can make a substantial contribution to the achievement of the environmental goals defined in the aforementioned regulation:

- [a] climate change mitigation, and
- [b] climate change adaptation.

Only the **activities of ‘Data centres’** and **‘Development and use of ICT solutions to monitor and mitigate climate change’** are included in the taxonomy for the area of telecommunications and the broader ICT sector. For 2022, we included the activities **‘Construction’** and **‘Real estate transactions’** (installation, maintenance and repair of electric vehicle charging stations in buildings and parking areas, and the installation, maintenance and repair of technologies for energy from renewable sources) in Taxonomy-eligible activities.

Because the other activities of Telekom Slovenije Group companies are not subject to reporting in the scope of the EU Taxonomy, the proportion of turnover and investments

accounted for by those activities are relatively small (less than 1%), which is also evident from the data in the tables below. In addition to Taxonomy-eligible activities, we also assessed the proportions of Taxonomy-aligned activities in 2022. According to currently assessed values (without taking into account technical criteria), the aforementioned proportions are very small, but are nevertheless disclosed on account of reporting obligations.

We included under activity 8.1 ‘Data processing, hosting and related activities’ the activity of data centres, which is defined as the storage, manipulation, management, movement, control, display, switching, interchange, transmission or processing of data through data centres, including edge computing. This includes data centre equipment and services intended for business users. The activity falls under the NACE category J63.11. We defined it as ‘Data centres’.

We included under activity 8.2 ‘Data-driven solutions for GHG emissions reductions’ the activity of the development and/or use of ICT solutions primarily in connection with Internet of Things (IoT) solutions. Those solutions are predominantly aimed at the provision of data and analytics for decision making by the public and private sectors, which in turn facilitates a reduction in greenhouse gas emissions and thus the carbon footprint. IoT-related services include solutions for calming traffic, environmental and remote

metering, solutions for agriculture, digitalisation of the vehicle fleet, implementation in the scope of smart cities, etc. The activity falls under the NACE categories J61, J62 and J63.11. We defined it as ‘Development and use of ICT solutions to monitor and mitigate climate change’.

We included the e-mobility activity for charging stations and the digitalisation of the vehicle fleet in activity 7.4 Installation, maintenance and repair of electric vehicle charging stations in buildings (and associated parking areas). The activity falls under the NACE categories F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28. We defined it as ‘E-mobility – charging stations and digital vehicle fleet’.

We included electricity production using photovoltaics, i.e. solar power plants installed on the roofs of business premises, in the activity 7.6 Installation, maintenance and repair of technologies for energy from renewable sources. The activity falls under the NACE categories F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28. We defined it as ‘Energy – electricity production using photovoltaics’.

Indicators are calculated based on the definitions in Annex II to Commission Delegated Regulation [EU] 2021/2178 – Key performance indicators of non-financial enterprises.

Proportion of turnover from products and services associated with Taxonomy-aligned economic activities – disclosures of the Telekom Slovenije Group

Economic activities	Codes		Absolute turnover (in EUR)	Proportion of turnover (in %)	Substantial contribution criteria Climate change mitigation (in %)	Taxonomy-aligned proportion of turnover for 2022	Taxonomy-aligned proportion of turnover for 2021
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.6 Energy – electricity production using photovoltaics	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		48,145	0.01%	0.01%	0.01%	0.01%
Turnover of environmentally sustainable activities (Taxonomy-aligned) [A.1]			48,145	0.01%	0.01%	0.01%	0.01%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.6 Energy – electricity production using photovoltaics	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		48,145	0.01%			
8.1. Data centres	J63.11		5,700,501	0.87%			
8.2 Development and use of ICT solutions to monitor and mitigate climate change	J61, J62, J63.11		959,732	0.15%			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [A.2]			6,708,378	1.03%			
Total [A.1 + A.2]			6,708,378	1.03%		0.01%	0.01%
B. Taxonomy-non-eligible activities							
Turnover of Taxonomy-non-eligible activities [B]			645,412,622	98.97%			
Total turnover [A + B]¹⁰⁵			652,121,000	100.00%			

105 In order to calculate the proportion of turnover, we took into account the amount of turnover from activities included in the EU taxonomy. The denominator takes into account operating revenues (sales revenue) at the Telekom Slovenije Group level (Annual report of the Telekom Slovenije Group and Telekom Slovenije, section 9.2, Note 7 - Sales revenue.

Proportion of operating expenses (OPEX), excluding amortisation and depreciation and other operating expenses in connection with taxonomy-aligned economic activities – disclosures of the Telekom Slovenije Group

Economic activities	Codes		Absolute OPEX [in EUR]	Proportion of OPEX (in %)	Substantial contribution criteria Climate change mitigation (in %)	Taxonomy-aligned proportion of OPEX for 2022	Taxonomy-aligned proportion of OPEX for 2021
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.4 E-mobility – charging stations and digital vehicle fleet	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		20,791	0.00%	-	0.00%	0.01%
7.6 Energy – electricity production using photovoltaics	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		6,202	0.00%	0.00%	0.00%	0.00%
OPEX of environmentally sustainable activities (Taxonomy-aligned) [A.1]			26,993	0.00%	0.00%	0.00%	0.01%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.4 E-mobility – charging stations and digital vehicle fleet	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		20,791	0.00%			
7.6 Energy – electricity production using photovoltaics	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		6,202	0.00%			
8.1. Data centres	J63.11		3,365,503	0.77%			
8.2 Development and use of ICT solutions to monitor and mitigate climate change	J61, J62, J63.11		881,496	0.20%			
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) [A.2]			4,273,992	0.97%			
Total [A.1 + A.2]			4,273,992	0.97%		0.00%	0.01%
B. Taxonomy-non-eligible activities							
OPEX of taxonomy-non-eligible activities [B]			431,238,001	99.03%			
Total OPEX [A + B] ¹⁰⁶			435,485,000	100.00%			

Proportion of capital expenditure (CAPEX) from products or services associated with Taxonomy-aligned economic activities – disclosures of the Telekom Slovenije Group

Economic activities	Codes		CAPEX [in EUR]	Proportion of CAPEX (in %)	Substantial contribution criteria Climate change mitigation (in %)	Taxonomy-aligned proportion of CAPEX for 2022	Taxonomy-aligned proportion of CAPEX for 2021
A. Taxonomy-eligible activities							
A.1 Environmentally sustainable activities (Taxonomy-aligned)							
7.4 E-mobility – charging stations and digital vehicle fleet	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		17,424	0.01%	0.01%	0.01%	0.02%
7.6 Energy – electricity production using photovoltaics	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		202,036	0.12%	0.12%	0.12%	-
CAPEX from environmentally sustainable activities (taxonomy-aligned) [A.1]			219,461	0.13%	0.13%	0.13%	0.02%
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)							
7.4 E-mobility – charging stations and digital vehicle fleet	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		17,424	0.01%			
7.6 Energy – electricity production using photovoltaics	F42, F43, M71, C16, C17, C22, C23, C25, C27 and C28		202,036	0.12%			
8.1. Data centres	J63.11		937,669	0.56%			
8.2 Development and use of ICT solutions to monitor and mitigate climate change	J61, J62, J63.11		291,471	0.17%			
CAPEX from activities that are taxonomy eligible but are not environmentally sustainable [A.2]			1,448,601	0.86%			
Total [A.1 + A.2]			1,448,601	0.86%		0.13%	0.02%
B. Taxonomy-non-eligible activities							
CAPEX from taxonomy-non-eligible activities			166,665,860	99.14%			
Total CAPEX [A + B] ¹⁰⁷			167,895,000	100.00%			

The following approach was taken into account for taxonomy alignment:

- There are thresholds in place for assessing the substantial contribution to alignment for activities 8.1 and 8.2. The Company has not provided the necessary data for verification, so it is assumed that the threshold has not been met and that substantial contribution cannot be assessed.
- There are no thresholds for activities 7.4 and 7.6. They are therefore deemed to be Taxonomy-aligned in full.

106 In order to calculate the proportion of operating expenditure (OPEX), we took into account the amount of operating costs from activities included in the EU taxonomy. The denominator takes into account total operating costs at the Telekom Slovenije Group level. Operating costs include: the historical cost of goods sold, costs of material and energy, costs of services and labour costs. Amortisation and depreciations costs are not included (Annual report of the Telekom Slovenije Group and Telekom Slovenije, section 9.2, Note 9 – Costs of goods sold, Costs of materials, energy and services and Note 10 – Labour costs).

107 In order to calculate the proportion of capital expenditure (CAPEX), we took into account the amount of capital expenditure from activities included in the EU taxonomy. The denominator takes into account total capital expenditure at the Telekom Slovenije Group level. CAPEX includes the purchase of intangible assets and property, plant and equipment, and the increase in assets under lease and other investments (Annual report of the Telekom Slovenije Group and Telekom Slovenije, section 7.5 Investments in fixed assets)



We make breakthroughs by continuously searching for opportunities to be [even] better, more efficient and more successful. We believe in e-invoices and good relationships. We therefore follow the highest ethical and business standards in our operations and develop relationships based on transparency, trust and cooperation. We ensure the optimisation of operations, are introducing automation and are excited about the opportunities that artificial intelligence brings. Looking forward inspires us, while our vision shows us a clear path: digitalising a world of opportunities.

ACCOUNTING
REPORT

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9

ACCOUNTING REPORT OF THE
TELEKOM SLOVENIJE GROUP AND
TELEKOM SLOVENIJE, D.D. FOR 2022

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9.1

FINANCIAL STATEMENTS OF THE TELEKOM SLOVENIJE GROUP AND TELEKOM SLOVENIJE

The consolidated and separate statement of profit or loss

in EUR thousand	Note	Telekom Slovenije Group		The Company Telekom Slovenije	
		I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Sales revenue	7	652,121	648,247	575,886	577,630
Other operating income	8	6,832	5,303	3,225	3,421
Cost of goods sold	9	-86,548	-93,961	-94,836	-100,989
Costs of materials and energy	9	-22,576	-16,498	-15,788	-10,613
Costs of services	9	-208,503	-204,561	-195,762	-193,544
Labour costs	10	-117,858	-111,271	-98,446	-92,688
Depreciation/Amortisation	11	-166,090	-169,056	-138,881	-142,175
Other operating expenses	13	-7,016	-6,507	-6,914	-7,444
Total operating expenses		-608,591	-601,854	-550,627	-547,453
Operating profit		50,362	51,696	28,484	33,598
Finance income*	12	3,505	1,996	5,971	15,225
Finance expenses*	12	-8,442	-8,617	-8,608	-8,746
Profit before tax		45,425	45,075	25,847	40,077
Income tax	14	-5,020	-4,705	-2,349	-3,553
Deferred taxes	14	-2,899	-2,482	-2,705	-2,153
Net profit for the period		37,506	37,888	20,793	34,371
Earnings per share					
Basic in EUR	15	5.77	5.82	3.20	5.28
Adjusted in EUR	15	5.77	5.82	3.20	5.28

*The Company Telekom Slovenije’s finance income includes dividends received and received interest on loans granted to subsidiaries. The Company Telekom Slovenije’s finance expenses include the effects of impairment of investments in the subsidiaries TSmedia and Soline. More details in Note 12.

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.

The consolidated and separate statement of other comprehensive income

in EUR thousand	Note	Telekom Slovenije Group		The Company Telekom Slovenije	
		I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Net profit for the period		37,506	37,888	20,793	34,371
Other comprehensive income that may be reclassified subsequently to the statement of profit or loss					
Translation reserves	30	8	34	0	0
Change in fair value of hedging instruments	30	107	253	108	254
Deferred tax	14	-53	-15	-53	-15
Change in fair value of hedging financial instruments [net]		54	238	55	239
Other comprehensive income that may not be reclassified subsequently to the statement of profit or loss					
Actuarial remeasurements of defined benefit obligation	30	3,661	819	3,119	869
Net loss in equity instruments at fair value through other comprehensive income		-160	0	-160	0
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income	30	-258	278	-257	278
Deferred tax	14	82	-86	82	-86
Change in fair value of investments in equity instruments measured at fair value through other comprehensive income		-176	192	-175	192
Other comprehensive income for the period after tax		3,387	1,283	2,839	1,300
Total comprehensive income for the period		40,893	39,171	23,632	35,671

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.



The consolidated and separate balance sheet

		Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	Note	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
ASSETS					
Intangible assets	16	204,352	220,116	155,259	180,251
Property, plant and equipment	17	679,501	667,059	604,932	604,711
Right-of-use assets	18	75,419	73,970	78,126	80,667
Investments in subsidiaries	19	0	0	38,720	38,276
Other investments	20	2,448	3,292	48,505	57,235
Contract assets	21	3,624	2,854	3,234	2,469
Other receivables	26	19,251	18,300	19,246	18,294
Deferred costs	22	3,293	1,058	3,694	1,608
Investment property	23	4,304	4,545	7,457	7,641
Deferred tax assets	14	39,324	42,012	39,057	41,761
Total non-current assets		1,031,516	1,033,206	998,230	1,032,913
Assets held for sale	24	796	799	796	799
Inventories	25	25,253	22,478	21,702	19,603
Trade and other receivables	26	157,680	155,944	150,884	148,262
Income tax receivables	14	1,387	208	1,286	116
Contract assets	27	15,942	17,263	15,562	17,167
Deferred costs	28	4,545	3,766	3,741	3,150
Investments	20	837	740	11,516	12,177
Cash and cash equivalents	29	37,382	15,935	19,573	3,754
Total current assets		243,822	217,133	225,060	205,028
Total assets		1,275,338	1,250,339	1,223,290	1,237,941
EQUITY AND LIABILITIES					
Share capital	30	272,721	272,721	272,721	272,721
Share premium	30	181,489	181,489	180,956	180,956
Profit reserves	30	106,479	106,479	104,978	104,978
Legal reserves	30	51,612	51,612	50,434	50,434
Reserves for treasury shares and interests	30	4,065	3,671	4,065	3,671

in EUR thousand	Note	Telekom Slovenije Group		The Company Telekom Slovenije	
		31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
<i>Treasury shares and interests</i>	30	-4,065	-3,671	-4,065	-3,671
<i>Statutory reserves</i>	30	54,854	54,854	54,544	54,544
<i>Other profit reserves</i>	30	13	13	0	0
Retained earnings	30	50,003	41,938	46,869	55,515
<i>Retained earnings from previous periods</i>		12,497	4,050	26,076	21,144
<i>Profit or loss for the period</i>		37,506	37,888	20,793	34,371
Fair value reserve	30	-188	-66	-188	-66
Reserves for actuarial gains/losses	30	1,155	-2,139	897	-1,863
Translation reserves	30	18	9	0	0
Total equity		611,677	600,431	606,233	612,241
Contract liabilities	31	17,072	14,278	16,425	13,752
Provisions	32	21,220	23,063	17,925	19,561
Other liabilities	33	8,177	18,455	3,847	12,281
Accrued liabilities		5,810	891	666	713
Loans and borrowings	34	236,683	309,023	236,683	309,023
Lease liabilities	35	59,342	57,096	60,871	62,748
Other financial liabilities	36	0	88	0	88
Deferred tax liabilities	14	1,893	1,710	293	321
Total non-current liabilities		350,197	424,604	336,710	418,487
Trade payables	37	123,915	130,955	99,300	116,381
Income tax payable	14	221	3,768	0	3,553
Loans and borrowings	34	132,757	40,015	132,757	41,415
Lease liabilities	35	10,603	9,460	12,527	10,949
Other financial liabilities	36	2	2	0	0
Contract liabilities	38	10,275	12,318	5,602	8,452
Accrued liabilities	39	35,691	28,786	30,161	26,463
Total current liabilities		313,464	225,304	280,347	207,213
Total liabilities		663,661	649,908	617,057	625,700
Total equity and liabilities		1,275,338	1,250,339	1,223,290	1,237,941

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.

Consolidated Statement of changes in equity of the Telekom Slovenije Group

in EUR thousand	Share capital	Share premium	Profit reserves						Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Reserves for actuarial deficits and surpluses	Translation reserves	Total
			Legal reserves	Treasury shares reserve	Treasury shares	Statutory reserves	Other profit reserves		Retained earnings from previous periods	Profit or loss for the period					
Balance as at 1 January 2022	272,721	181,489	51,612	3,671	-3,671	54,854	13		4,050	37,888	-26	-40	-2,139	9	600,431
Net profit or loss for the period	0	0	0	0	0	0	0		0	37,506	0	0	0	0	37,506
Other comprehensive income for the period	0	0	0	0	0	0	0		0	0	-336	54	3,661	8	3,387
Total comprehensive income for the period	0	0	0	0	0	0	0		0	37,506	-336	54	3,661	8	40,893
Dividends paid	0	0	0	0	0	0	0		-29,244	0	0	0	0	0	-29,244
Purchase of own shares	0	0	0	0	-394	0	0		0	0	0	0	0	0	-394
Forming treasury shares reserves	0	0	0	394	0	0	0		-394	0	0	0	0	0	0
Transactions with owners	0	0	0	394	-394	0	0		-29,638	0	0	0	0	0	-29,638
Transfer of profit or loss from previous period to retained earnings	0	0	0	0	0	0	0		37,888	-37,888	0	0	0	0	0
Other movements in equity	0	0	0	0	0	0	0		207	0	160	0	-367	0	0
Changes in equity	0	0	0	0	0	0	0		38,095	-37,888	160	0	-367	0	0
Other	0	0	0	0	0	0	0		-10	0	0	0	0	1	-9
Balance as at 31 Dec 2022	272,721	181,489	51,612	4,065	-4,065	54,854	13		12,497	37,506	-202	14	1,155	18	611,677

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.
More details in Note 30.

Consolidated Statement of changes in equity of the Telekom Slovenije Group

in EUR thousand	Share capital	Share premium	Profit reserves						Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Reserves for actuarial deficits and surpluses	Translation reserves	Total
			Legal reserves	Treasury shares reserve	Treasury shares	Statutory reserves	Other profit reserves		Retained earnings from previous periods	Profit or loss for the period					
Balance as at 1 January 2021	272,721	181,489	51,612	3,671	-3,671	54,854	13		8,440	24,865	-219	-278	-2,988	-25	590,484
Net profit or loss for the period	0	0	0	0	0	0	0		0	37,888	0	0	0	0	37,888
Other comprehensive income for the period	0	0	0	0	0	0	0		0	0	192	238	819	34	1,283
Total comprehensive income for the period	0	0	0	0	0	0	0		0	37,888	192	238	819	34	39,171
Dividends paid	0	0	0	0	0	0	0		-29,275	0	0	0	0	0	-29,275
Write-downs of unpaid dividends from previous years	0	0	0	0	0	0	0		61	0	0	0	0	0	61
Transactions with owners	0	0	0	0	0	0	0		-29,214	0	0	0	0	0	-29,214
Transfer of profit or loss from previous period to retained earnings	0	0	0	0	0	0	0		24,865	-24,865	0	0	0	0	0
Other movements in equity	0	0	0	0	0	0	0		-29	0	0	0	29	0	0
Changes in equity	0	0	0	0	0	0	0		24,836	-24,865	0	0	29	0	0
Other	0	0	0	0	0	0	0		-12	0	1	0	1	0	-10
Balance as at 31 Dec 2021	272,721	181,489	51,612	3,671	-3,671	54,854	13		4,050	37,888	-26	-40	-2,139	9	600,431

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.

Separate statement of changes in equity of the Company Telekom Slovenije

in EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Reserves for actuarial deficits and surpluses	Total
			Legal reserves	Treasury shares reserve	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous periods	Profit or loss for the period				
Balance as at 1 January 2022	272,721	180,956	50,434	3,671	-3,671	54,544	0	21,144	34,371	-27	-39	-1,863	612,241
Net profit or loss for the period	0	0	0	0	0	0	0	0	20,793	0	0	0	20,793
Other comprehensive income for the period	0	0	0	0	0	0	0	0	0	-335	55	3,119	2,839
Total comprehensive income for the period	0	0	0	0	0	0	0	0	20,793	-335	55	3,119	23,632
Dividends paid	0	0	0	0	0	0	0	-29,244	0	0	0	0	-29,244
Purchase of own shares	0	0	0	0	-394	0	0	0	0	0	0	0	-394
Forming treasury shares reserves	0	0	0	394	0	0	0	-394	0	0	0	0	0
Transactions with owners	0	0	0	394	-394	0	0	-29,638	0	0	0	0	-29,638
Transfer of profit or loss from previous period to retained earnings	0	0	0	0	0	0	0	34,371	-34,371	0	0	0	0
Other movements in equity	0	0	0	0	0	0	0	199	0	160	0	-359	0
Changes in equity	0	0	0	0	0	0	0	34,570	-34,371	160	0	-359	0
Other	0	0	0	0	0	0	0	0	0	-1	0	-1	0
Balance as at 31 Dec 2022	272,721	180,956	50,434	4,065	-4,065	54,544	0	26,076	20,793	-203	16	896	606,233

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.
More details in Note 30.

Separate statement of changes in equity of the Company Telekom Slovenije

in EUR thousand	Share capital	Share premium	Profit reserves					Retained earnings		Fair value reserve for financial instruments	Fair value reserve for hedging instruments in net amount	Reserves for actuarial deficits and surpluses	Total
			Legal reserves	Treasury shares reserve	Treasury shares	Statutory reserves	Other profit reserves	Retained earnings from previous periods	Profit or loss for the period				
Balance as at 1 January 2021	272,721	180,956	50,434	3,671	-3,671	54,544	0	26,185	24,174	-219	-278	-2,733	605,784
Net profit or loss for the period	0	0	0	0	0	0	0	0	34,371	0	0	0	34,371
Other comprehensive income for the period	0	0	0	0	0	0	0	0	0	192	239	869	1,300
Total comprehensive income for the period	0	0	0	0	0	0	0	0	34,371	192	239	869	35,671
Dividends paid	0	0	0	0	0	0	0	-29,275	0	0	0	0	-29,275
Write-downs of unpaid dividends from previous years	0	0	0	0	0	0	0	60	0	0	0	0	60
Transactions with owners	0	0	0	0	0	0	0	-29,215	0	0	0	0	-29,215
Transfer of profit or loss from previous period to retained earnings	0	0	0	0	0	0	0	24,174	-24,174	0	0	0	0
Changes in equity	0	0	0	0	0	0	0	24,174	-24,174	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	1	1
Balance as at 31 Dec 2021	272,721	180,956	50,434	3,671	-3,671	54,544	0	21,144	34,371	-27	-39	-1,863	612,241

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.



The consolidated and separate cash flow statement

		Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	Note	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Cash flows from operating activities					
Net profit for the period		37,506	37,888	20,793	34,371
Adjustments for:					
Depreciation/Amortisation	11	166,090	169,056	138,881	142,175
Impairment and write-offs of property, plant and equipment, and intangible assets		1,713	686	1,010	0
Gain/loss on disposal of property, plant and equipment		-1,150	-1,245	-1,370	-1,079
Impairment and write-off of inventories	13	1,381	2,192	1,266	2,161
Net impairment of receivables and contract assets	13	3,161	2,395	2,577	1,952
Adjustment for provisions		2,953	-1,005	2,414	0
Finance income		-3,343	-1,996	-4,724	-15,225
Finance expenses		8,021	8,617	8,154	8,746
Income tax expense		7,919	7,187	5,054	5,706
Cash flows from operating activities prior to changes in working capital and provisions		224,251	223,775	174,055	178,807
Change in inventories		-2,121	3,556	-1,331	2,099
Change in trade and other receivables		-7,176	2,970	-6,712	8,944
Change in accrued and deferred asset items and contract assets		-3,232	6,942	-2,446	5,479
Change in provisions		-417	3,661	-464	3,377
Change in trade and other payables		-17,714	-7,332	-25,511	-582
Change in accrued and deferred liability items and contract liabilities		12,575	-14,012	3,474	-14,823
Income tax paid		-7,743	-691	-6,694	0
Net cash from operating activities		198,423	218,869	134,371	183,301
Cash flows from investing activities					
Proceeds from investing activities		2,403	6,060	19,705	32,555
Proceeds from the sale of property, plant and equipment		1,704	5,846	2,200	5,846
Dividends paid		240	128	1,185	11,128
Proceeds from interest		4	7	1,540	2,155
Receipts from the sale of investments		400	0	400	0
Proceeds from repayment of loans and deposits		55	79	14,380	13,426

in EUR thousand	Note	Telekom Slovenije Group		The Company Telekom Slovenije	
		I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Proceeds from investing activities		-153,198	-199,217	-111,154	-185,521
Proceeds from property, plant and equipment		-96,548	-94,693	-69,923	-82,148
Proceeds from intangible assets		-56,550	-104,274	-34,441	-100,673
Investments in subsidiaries and associated companies		0	0	-1,000	-1,500
Disbursements for loans and deposits issued		-100	-250	-5,790	-1,200
Net cash used in investing activities		-150,795	-193,157	-91,449	-152,966
Cash flows from financing activities					
Proceeds from financing activities		60,000	196,005	60,000	196,000
Proceeds from other financial liabilities		0	5	0	0
Proceeds from borrowings		60,000	170,000	60,000	170,000
Proceeds from current loans		0	26,000	0	26,000
Proceeds from financing activities		-86,231	-213,990	-87,153	-224,708
Proceeds from treasury shares buyback		-394	0	-394	0
Disbursements for approval of borrowings and issue of bonds		0	-646	0	-646
Maturity of bonds issued		0	-100,000	0	-100,000
Repayment of lease liabilities – principal		-9,158	-12,593	-8,723	-11,655
Repayment of current borrowings		0	-27,500	-1,400	-39,100
Repayment of non-current borrowings		-40,220	-35,495	-40,220	-35,495
Disbursements for interest		-7,215	-8,481	-7,172	-8,537
Dividends paid		-29,244	-29,275	-29,244	-29,275
Net cash used in financing activities		-26,231	-17,985	-27,153	-28,708
Net increase/decrease in cash and cash equivalents		21,397	7,727	15,769	1,627
Opening balance of cash		15,935	8,167	3,754	2,086
Effect of exchange rate changes on cash and cash equivalents		50	41	50	41
Closing balance of cash		37,382	15,935	19,573	3,754

Notes on pages 176 to 263 are an integral part of these consolidated financial statements.



9.2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS OF THE TELEKOM SLOVENIJE GROUP AND SEPARATE FINANCIAL STATEMENTS OF THE COMPANY TELEKOM SLOVENIJE

1. REPORTING ENTITY

Telekom Slovenije, d. d., [hereinafter: Telekom Slovenije or Company] and its subsidiaries comprise the Telekom Slovenije Group [hereinafter: Telekom Slovenije Group or Group]. A detailed overview of the Group's composition is given in the business report herein.

Telekom Slovenije is a public limited company. The Company's registered address is: Cigaletova 15, 1000 Ljubljana, Slovenia.

The company's shares are listed on the Prime Market of the Ljubljana Stock Exchange.

The Company's ultimate beneficial owner is the Republic of Slovenia, which holds a 62.54% share in the Company Telekom Slovenije [Note 30].

The core activity of the Group is the provision of telecommunication services and products. These include fixed-line and mobile telephony services, internet and television services, installation and maintenance of telecommunications networks, systems integration of business solutions, digital content and advertising. Telekom Slovenije Group operates in the following countries: Slovenia, Bosnia and Herzegovina, Serbia, Montenegro, Kosovo and North Macedonia.

The attached consolidated and separate financial statements are prepared for the Telekom Slovenije Group and the company Telekom Slovenije for 2022, with comparative statements for 2021.

2. BASIS FOR PREPARATION

a. Statement of compliance

The consolidated financial statements of the Telekom Slovenije Group and separate financial statements of the Company Telekom Slovenije have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and in line with the provisions of the Companies Act (ZGD-1).

The Management Board approved the consolidated financial statements of the Telekom Slovenije Group and the separate financial statements of the Company Telekom Slovenije on 14 February 2023.

PricewaterhouseCoopers (PwC) d.o.o. audited and expressed an unmodified opinion on the 2022 and 2021 financial statements.

b. Functional and presentation currency

The attached financial statements of the Telekom Slovenije Group and separate financial statements of the Company Telekom Slovenije have been prepared in Euros, which is the functional and presentation currency of the Company and the Telekom Slovenije Group. All financial information is presented in Euros and rounded to thousand unless otherwise defined.

c. Measurement bases

The financial statements have been prepared based on historical cost, with the exception of:

- financial assets and liabilities measured at fair value or amortised cost, and
- assets held for sale measured at the lower of cost or recoverable value.

The Group's and the Company's financial statements have been prepared based on the going concern assumption. [accounting assumption of going concern]. The Group's and the Company's operations are not of seasonal nature.

d. Use of significant estimates and judgements

The preparation of the financial statements requires management to make certain estimates, judgements and assumptions that impact the carrying values of assets and liabilities and the disclosure of contingent liabilities on the balance sheet date and the balances of income and expenses for the period then ended.

Future events and their effects cannot be determined with certainty. Accordingly, the accounting estimates

made require the exercise of judgement, and those used in the preparation of the financial statements will change as new events occur, as more experience is acquired, as additional information is obtained and as the business environment changes. The actual values may differ from those estimates.

Estimates and underlying assumptions are reviewed on a regular basis. Changes in accounting estimates are recognised for the period in which the estimates change and in any future periods affected.

Estimates and assumptions that have the most significant effect on the amounts recognised in the financial statements include:

DETERMINING THE USEFUL LIVES OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS, AND RIGHT-OF-USE ASSETS

In estimating the useful lives of assets, the Group takes into account the expected physical wear and tear, as well as technical or commercial obsolescence. The adequacy of the useful lives is monitored by a working group, which annually checks the useful lives and the residual value; if expectations differ significantly from earlier estimates of depreciation/amortisation rates, the useful lives and residual values are restated for the current and future periods. The working group mainly consists of technical experts who assess the useful lives based on previous work experience and the lifetime of the assets, monitor technological development and changes in the business activity.

For right-of-use assets, the Group and the Company determine the useful life based on the lease contract term if the latter is shorter than the useful life. If the contract is concluded for an indefinite period or is renewed annually, the expected depreciation periods for each category of assets are used. The estimated useful lives of assets are presented in Notes 3.c, 3.d and 3.e.

IMPAIRMENT OF ASSETS

Property, plant and equipment and intangible assets
The Group and the Company check on an annual basis the book values of significant items of property, plant and equipment and intangible assets in order to establish whether there is any need to impair any of the assets. Upon assessing whether indication for impairment exists, it is checked whether significant technological changes, market changes or a significant decrease in interest rates occurred. If so, the asset's recoverable amount is

ascertained. Impairment is carried out if the asset's book value exceeds its estimated recoverable amount.

Impairment of goodwill is established at least once a year. For this purpose, the Group and the Company obtained a certified business appraiser and carried out a valuation on 30 November 2022 according to which the recoverable amount of goodwill exceeds its book value.

Information about other significant assessments of uncertainty taken into consideration by management in the case of asset impairment are described in the following notes:

- intangible assets and goodwill – Note 3.c and Note 16,
- property, plant and equipment – Note 3.d and Note 17.

Investments in subsidiaries

For impairment of investments in subsidiaries, the Group checks indicators of impairment particularly for companies whose investment significantly (over 20%) exceeds the Company's share capital and for companies that reported negative operating results and/or disclosed negative equity, or if there were other indicators of impairment. In such cases, the Company obtains an estimate of the recoverable amount of investments in subsidiaries by a certified business appraiser. The recoverable amount equals fair value less the costs of sale or value in use, whichever is higher. Cash generating units (CGU) at Group level are individual group companies. For 2022, based on checking for signs of impairment, the Group opted to assess the recoverable amount for its subsidiaries TSmedia, TSinpo, Ipko, Soline, Siol Zagreb, Siol Priština and Siol Sarajevo. The recoverable amounts of individual companies were assessed by a certified business appraiser.

Details of establishing recoverable amounts are described in Note 3.f. and Note 19 Investments in subsidiaries.

Investments in interests and shares of other companies
The Group and the Company record investments in shares and interests of other companies under financial assets measured at fair value through other comprehensive income.

LOANS GRANTED

In accordance with the requirements of standards, the Group and the Company assess the need for impairment for borrowings as well. The method of judgement is described in Note 3.f.

TRADE RECEIVABLES

To value receivables in accordance with IFRS 9, the Group and the Company use a simplified approach with

lifetime expected credit losses over the entire useful life. Probability of default represents the key input data used to measure expected credit losses. Probability of default is estimated based on experience from past years and future expectations. The Group's policies are detailed in Notes 3.f, 26 and 45.

DEFERRED TAX ASSETS

Deferred tax is calculated using the balance sheet liability method, providing for all temporary differences between the book values and tax bases of assets and liabilities. The amount of deferred tax is determined based on the expected method of payment or settlement of the book value of assets and liabilities using the tax rates expected in future periods. Upon any change in the tax rate the Group and the Company would make corresponding recalculations for deferred tax assets. The Group and the Company recognise deferred tax assets if it is probable that sufficient future taxable profit will be available, against which deductible temporary differences can be utilised. Detailed disclosure regarding the formation of deferred tax assets and liabilities is available in Notes 3.q and 14.

PROVISIONS FOR LAWSUITS

Provisions are recognised if a present obligation (legal or constructive) exists as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if the amount of the obligation can be estimated reliably. Provisions are recognised depending on management's estimation of the amount and timing of the obligation and the probability of an outflow of resources required to settle the obligation, either legal or constructive. Managements of individual companies within the Group check regularly, i.e. on a monthly basis, whether the circumstances surrounding the formation of the amount of provisions have changed. In the event of a change, the estimate of the amount of provision may change depending on the estimated expected date and the amount of settlement. Formation of individual provisions is detailed in Notes 3.l and 32.

SERVICE CONCESSION ARRANGEMENTS AT SOLINE, D. O. O.

The Group assessed the importance of applying provisions of IFRIC 12 Service Concession Arrangements and SIC-29 Service Concession Arrangements: Disclosures and estimated that items from the financial statements of Soline, d. o. o. as at 31 December 2022 are immaterial and that no adjustment to individual items in the consolidated financial statements of the Telekom Slovenije Group are needed.

e. New accounting standards and amendments to existing ones

STANDARDS AND AMENDMENTS TO THE EXISTING STANDARDS EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The following new accounting standards, amendments to the existing standards and new interpretations issued by the International Accounting Standards Board (IASB) and adopted by the EU, are effective for the current reporting period:

Property, plant and equipment: Proceeds before intended use – Amendments to IFRS 16 Leases

The amendment prohibits the company from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of items that were produced when the asset was brought to the location and was not yet ready for its intended use as intended by management. The proceeds from selling such items, together with the costs of producing them, must now be recognised in profit or loss.

This amendment did not affect the Group's consolidated financial statements or the Company's statements, as there were no sales of such items produced with property, plant and equipment that were available for use on or after the beginning of the first reporting period.

Onerous contracts – Cost of fulfilling a contract – Amendments to IFRS 37

The amendment to IAS 37 clarifies the meaning of 'costs to fulfil a contract'. The amendment explains that the direct cost of fulfilling a contract comprises the incremental costs of fulfilling that contract; and an allocation of other costs that relate directly to fulfilling. The amendment also clarifies that, before a separate provision for an onerous contract is established, an entity recognises any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to that contract.

This amendment did not affect the Group's consolidated financial statements or the Company's statements, as the Group and the Company did not have onerous contracts.

References to the Conceptual Framework – Amendments to IFRS 3

IFRS 3 was amended to refer to the 2018 Conceptual Framework for Financial Reporting, in order to determine what constitutes an asset or a liability in a business combination. Prior to the amendment, IFRS 3 referred to the 2001 Conceptual Framework for Financial Reporting. In addition, a new exception in IFRS 3 was added for liabilities and contingent liabilities. The exception specifies that, for some types of liabilities and contingent liabilities, an entity

applying IFRS 3 should instead refer to IAS 37 or IFRIC 21, rather than the 2018 Conceptual Framework. Without this new exception, an entity would have recognised some liabilities in a business combination that it would not recognise under IAS 37. Therefore, immediately after the acquisition, the entity would have had to derecognise such liabilities and recognise a gain that did not depict an economic gain. It was also clarified that the acquirer should not recognise contingent assets, as defined in IAS 37, at the acquisition date.

This amendment did not affect the Group's consolidated financial statements or the Company's statements, as there were no business combinations.

IFRS 9 Financial Instruments – Fees in the 10% test for derecognition of financial liabilities

The amendment to IFRS 9 addresses which fees should be included in the 10% test for derecognition of financial liabilities. Costs or fees could be paid to either third parties or the lender. Under the amendment, costs or fees paid to third parties will not be included in the 10% test.

This amendment did not affect the Group's and the Company's consolidated financial statements and companies, as there were no changes in the Group's and the Company's financial instruments in the period and companies.

IFRS 1 First-time Adoption of International Financial Reporting Standards – A subsidiary first applies IFRS

The amendment allows a subsidiary that elects to use article D16[a] of IFRS 1 to measure cumulative translation differences using the amounts reported in the parent company's consolidated financial statements based on the date of transition of the parent company to IFRS if no adjustments were made for consolidation processes and for the effects of a business combination in which the parent company acquired the subsidiary. This amendment also applies to an associated company or joint venture that decides to apply article D16.[a] of IFRS 1.

These amendments did not affect the Group's consolidated financial statements, as no subsidiary applied IFRS for the first time.

Covid-19-Related Rent Concessions – Amendments to IFRS 16 (issued on 31 March 2021 and effective for annual periods beginning on or after 1 April 2021).

In May 2020 an amendment to IFRS 16 was issued that provided an optional practical expedient for lessees from assessing whether a rent concession related to covid-19, resulting in a reduction in lease payments due on or before 30 June 2021, was a lease modification. An amendment issued on 31 March 2021 extended the date of the practical expedient from 30 June 2021 to 30 June 2022.

The Group and the Company did not make significant covid-19-related rent concessions in 2022.

Amendments to other accounting standards that are not binding for the Group and the Company, are not relevant for the Company, or will not impact the financial statements, are therefore not disclosed.

STANDARDS AND AMENDMENTS TO THE EXISTING STANDARDS EFFECTIVE FROM 1 JANUARY 2023 ON

Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

IAS 1 was amended to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment provided the definition of material accounting policy information. The amendment also clarified that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. The amendment provided illustrative examples of accounting policy information that is likely to be considered material to the entity's financial statements. Further, the amendment to IAS 1 clarified that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support this amendment, IFRS Practice Statement 2, 'Making Materiality Judgements' was also amended to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendment to IAS 8 clarified how companies should distinguish changes in accounting policies from changes in accounting estimates.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The amendments to IAS 12 specify how to account for deferred tax on transactions such as leases and decommissioning obligations. In specified circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations – transactions for which both an asset and a liability are recognised.

The amendments clarify that the exemption does not apply and that entities are required to recognise deferred tax on such transactions. The amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

The Group and the Company have not adopted early any other standard, clarification or amendment that has been issued but is not yet valid.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis for consolidation

The consolidated financial statements are comprised on the basis of the financial statements of the controlling company Telekom Slovenije and its subsidiaries for the financial year 2022. Financial statements of individual Group companies have been prepared for the same reporting year as the financial statements of the controlling company using consistent accounting policies. In the event of inconsistencies in accounting policies, individual companies make the relevant modifications in their financial statements, which form the basis for the consolidated financial statements.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method on/as of the date when the the controlling company obtains control over the subsidiary. The acquired assets and liabilities are recognised in the consolidated financial statements at fair value estimated on the acquisition date. The excess purchase consideration of the net fair value of the acquired assets is disclosed under intangible assets as goodwill. If the excess purchase consideration is negative, it is recognised directly in the statement of profit or loss as finance income.

SUBSIDIARIES

Subsidiaries are entities controlled, indirectly or directly, by the Company Telekom Slovenije via its own subsidiaries. The Company controls a subsidiary if it is exposed to or has rights to variable returns from its involvement with the company. Control exists when the controlling company Telekom Slovenije has the ability to affect the financial and business decisions of the company in order to benefit from its operations.

Financial statements of subsidiaries are included in the consolidated financial statements from the date on which such control begins. Subsidiaries are de-consolidated from the consolidated financial statements from the moment

when the control over the subsidiary by the controlling company or another Group company ceases. If control over a subsidiary ceases during the year, the consolidated financial statements include the results of the subsidiary up until the date on which such control over the subsidiary still existed. Upon loss of control, all assets and liabilities of the subsidiary are derecognised and the gain or loss due to the deconsolidation is recognised in the consolidated statement of profit or loss. If the Group keeps an interest in the previous subsidiary, this interest is measured at fair value as at the date of losing control. Subsequently, this interest is accounted for as investment in an associate [applying the equity method] or as financial investment in equity instruments in accordance with IFRS 9, depending on the level of control in equity.

Consolidated financial statements do not include intra-group transactions, assets and liabilities, equity, income and expenses, and cash flows between Group companies.

b. Foreign currencies

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. Cash, receivables and liabilities and other monetary assets are translated into the functional currency on the balance sheet date using the daily exchange rate as at the balance sheet date. Non-monetary assets and liabilities expressed in a foreign currency and measured at historical cost are translated using the exchange rate applicable on the date of transaction. Non-monetary assets and liabilities expressed in a foreign currency and measured at fair value are translated using the exchange rate as at the date on which the fair value was determined. All exchange rate differences are recognised in the statement of profit or loss, except for differences that arise on restatement of investments in equity instruments classified as measured at fair value through other comprehensive income that are recognised directly in other comprehensive income.

COMPANIES CONDUCTING BUSINESS OPERATIONS IN FOREIGN CURRENCIES

On the reporting date, foreign subsidiaries whose functional currency is not Euro translate their assets and liabilities into Euro by using the exchange rate of the European Central Bank [ECB] as at the reporting date, while the average exchange rate of the reporting period is applied for the statement of profit or loss.

Until the foreign subsidiary is disposed of, exchange differences that occur in the translation from the functional into the presentation currency are recorded

in the statement of other comprehensive income and accumulated within equity as translation reserve; Upon the disposal, these exchange differences are transferred from the other comprehensive income to the statement of profit or loss.

c. Intangible assets and property, plant and equipment

INTANGIBLE ASSETS

An item of intangible assets is recognised when it is probable that future economic benefits associated with the item will flow to the the Group or the Company and the cost of the item can be measured reliably.

Upon initial recognition, intangible assets with finite useful lives are stated at cost less accumulated amortisation and less any impairment possible losses. For intangible assets with an indefinite useful life, it is ascertained at least once a year whether they need to be impaired in accordance with IAS 36.

All intangible assets have finite useful lives, except the item of goodwill.

The Group and the Company monitor the useful lives of significant items of intangible assets through administrators of these assets and within a working group, which annually checks the useful lives and residual values. If estimated expectations differ significantly from the applicable estimates of amortisation rates, the impact is restated for the current and future periods. The effect of such a change is described in the notes within the accounting period in which the change in estimate occurred. Compared to the previous year, estimated useful lives have not changed.

Estimated useful lives of groups of intangible assets for 2022 and 2021

Groups of intangible assets	Useful lives in years
o concessions	13 to 20
o trademarks	10
o licences	1 to 7
o programme rights – TV content	1 to 5
o cost of obtaining contracts with customers	2 to 3.5
o customer list	3 to 5
o computer software	3 to 7
o other property rights, patents, trademarks and licences	3 to 20

The costs of concessions obtained for the use of the radio frequency spectrum are capitalised at cost and amortised on a straight-line basis over the useful life of the concession contract, which is between 13 and 20 years - Note 46.

The costs of obtaining contracts with customers are costs that are directly related to the obtaining of subscribers and represent additional costs the Group and the Company have with obtaining contracts with customers and which would not have been incurred had the Group and the Company not obtained the contract. Sales commissions %are recorded as costs of obtaining contracts with customers and are amortised in line with the transfer of the economic benefits to the customer, i.e. within the period of expected contract term. If terminated subscriptions and subsequent accounting of sales commissions exceeded 5% of the annual capitalised commissions, the Group and the Company would adequately decrease intangible assets relating to sales commissions. The termination-related estimate is verified on an annual basis.

Capitalised costs comprise costs of material, direct labour costs and other costs that can be directly attributed to bringing the asset to the condition necessary for the intended use. The Group and the Company monitor by project administrators to ensure that only those costs are capitalised that meet the criteria defined.

Development costs are recognised under intangible assets if they can be measured reliably, if the product or the process is technically and commercially feasible, if future economic benefits will result from its use, if sufficient resources are available to complete development and if the entity intends to use or sell the asset.

An intangible asset is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Gains or losses arising from the derecognition of an intangible asset and measured as the difference between the net disposal proceeds and the book value of the asset are recognised in the statement of profit or loss upon their derecognition.

Through administrators of assets the Company assess annually whether there are any internal or external circumstances which could provide significant indication that any of the intangible assets should be impaired. Upon assessment of whether this indication of impairment of intangible assets exists, it is checked whether significant technological changes, market changes or a significant decrease in interest rates occurred. If so, the asset’s recoverable amount is ascertained. Impairment is carried out if the book value of an intangible asset exceeds its

recoverable amount. The Group and the Company plan positive results and cash flows for the current and coming years as well as cash flows from economic benefits of intangible assets, therefore, the need for impairment was not established.

GOODWILL

Goodwill arises upon acquiring a subsidiary and is measured at cost less accumulated impairment losses. The need for impairment of goodwill, along with the calculation of the recoverable amount, is established for the cash generating unit [CGU] at least once a year. Determining the present value requires the management to estimate future cash flows from the CGU and set an appropriate discount rate. Impairment is recognised in the statement of profit or loss among other operating expenses under the item ‘impairment of intangible assets and property, plant and equipment.

PROPERTY, PLANT AND EQUIPMENT

Upon acquisition, items of property, plant and equipment owned by Group companies are disclosed at their cost. Cost includes all costs that may be directly attributed to getting an item of property, plant and equipment ready for its intended use.

Estimated costs of restoring locations for receiving-transmitting stations to their original condition are disclosed as an integral component of the asset’s cost and are amortised over the asset’s residual useful life. Provisions required to restore the original condition, discounted to present value, are reported under provisions.

The cost of an item of property, plant and equipment constructed/made within the Group companies includes the costs of material and direct labour. The costs of construction/making of property, plant and equipment which are included in cost are recognised as cost reduction within profit or loss.

When an item of property, plant and equipment comprises major components with different useful lives, these components are accounted for as separate items of property, plant and equipment.

Subsequent costs relating to property, plant and equipment increases their cost if it is probable that their future economic benefits will flow to the Group or Company.

The progress of projects and investments is monitored by the Group and the Company through project administrators on a monthly basis. If it is established that a certain project will not be finished, a write-off is carried out.

Upon initial recognition, property, plant and equipment are measured at cost and reduced according to value due to depreciation or potential impairment.

Residual values and useful lives of significant items of property, plant and equipment are reassessed on an annual basis and if expectations differ significantly from earlier estimates, depreciation rates are adjusted for the current and future periods. The effect of the change in estimate is described by the Group and the Company in the notes on the accounting period in which the change in estimate occurred.

Estimated useful lives of groups of property, plant and equipment in 2022 and 2021

Groups of property, plant and equipment	Useful lives in years
◦ buildings	50
◦ electrical and machine installations	15 to 30
◦ cable lines	33.3
◦ cable network – air	10
◦ cable network – land	20 to 25
◦ exchange switches	5 up to 12.5
◦ other equipment	1 to 15

Items of property, plant and equipment under construction are recognised at their cost formed thus far.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Gains or losses arising from the derecognition of an item of property, plant and equipment, measured as the difference between the net disposal proceeds and the book value of the asset, are recognised in the statement of profit or loss upon their derecognition.

Administrators of property, plant and equipment assess annually whether there are any internal or external business circumstances [significant technological changes, market changes, obsolescence or physical condition of an item of property, plant and equipment] that could provide significant indication on the [non-] suitability of the useful life or indication that an item of property, plant and equipment should be impaired. An item of property, plant and equipment is subject to impairment if its book value exceeds its recoverable amount. The recoverable amount equals fair value, less the estimated costs of sale or value in use, whichever is higher. Value in

use is assessed as the present value of expected future cash flows, whereby the expected future cash flows are discounted to the present value by means of the discount rate before income taxes.

Impairment of property, plant and equipment is recognised in the statement of profit or loss among other operating expenses under the item “impairment of intangible assets and property, plant and equipment. The Group and the Company plan positive results and cash flows for the current and coming years as well as cash flows from economic benefits of property, plant and equipment, therefore, the need for impairment was not established.

d. Amortisation and depreciation

Amortisation of intangible assets is accounted on a straight-line basis over their estimated useful lives and begins when assets are available for use.

Depreciation is recognised in the statement of profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land and items of property, plant and equipment under construction are not depreciated. Depreciation begins when items of property, plant and equipment are made available for use.

e. Leases

THE GROUP AND THE COMPANY AS THE LESSEE

Upon signing the lease contract, the Group and the Company assess whether the contract contains a lease in line with IFRS 16. Under this standard, a contract is, or contains, a lease if it conveys the lessee the right to control the use of an identified asset for a period of time in exchange for consideration. The Group and the Company have not used exemptions envisaged by the standard for low-value lease contracts and for leases expiring earlier than 12 months from initial application.

For lease contracts, the standard requires a lessee to recognise a right-of-use asset [lease liability] at the start of the lease.

A right-of-use asset is recognised on the day the lease begins, i.e. when the asset is available for use. The initial measurement of an asset includes the amount of the lease liability at its initial recognition [discounted present value of lease payments outstanding as at that date], lease payments made at or before the lease commencement date less any lease incentives received and an estimate of potential costs to be incurred by the lessee in dismantling and removing the underlying asset. Variable lease payments, which are not subject to inflation or interest rates are not included in the measuring of lease liabilities and the right-of-use assets. The related payments are

recognised upon emergence of an event as an operating expense.

Right-of-use assets are subsequently measured at cost less any accumulated depreciation and less impairment losses and adjusted for any remeasurement of the lease liability. The asset is depreciated from the beginning of the lease until the end of its useful life or until the end of the lease term, whichever is shorter. If the contract is concluded for an indefinite period or is renewed annually, the expected depreciation periods for each category of assets are used.

Right-of-use assets are classified in the groups stated below. In the case of contracts of indefinite duration, the following useful lives are applied:

Category or right-of-use assets	Useful lives in years
Base stations – easement and lease	15
Rental of premises	10
Technological premises – easement and lease	15
Lease of lines	15
Other	5

Compared to the previous year, estimated useful lives have not changed.

Indication of impairment is annually checked and in case of their occurrence, their recoverable amount is determined. In the event of impairment, such impairment is recognised in the statement of profit or loss in line with IAS 36.

Lease liabilities are recognised on the asset’s lease commencement date at the present value of lease payments that have not been paid yet. Liabilities represent discounted contractually agreed rents, while some contracts also include adjustment of liabilities to amend the cost of living index. The discount rate is determined using the interest rate derived from borrowing costs and based on the interest rate at which the Group and the Company, taking credit rating into account, can obtain a loan for the purchase of property, plant and equipment of a comparable amount [value] and maturity. Upon subsequent measurement of lease liabilities, the latter increase to reflect the interest on the lease liability and decrease by the value of the lease payments, additionally, in the event that the lease terms change, the present value is remeasured based on a reassessment of future lease payments or a change in the lease term [duration or price].

After the lease commencement date, the financial liability from lease is remeasured using the new discount rate if the lease term or future lease payment amount has

changed. If a lease is terminated or there is a decrease in scope, the gain or loss associated with the partial or full termination of the lease is recognised in the statement of profit or loss.

Lease liabilities are recognised under non-current liabilities, except for liabilities that will be settled over the following 12-month period from the balance sheet date and are stated in the balance sheet as current lease liabilities.

Leases comprise the lease of lines, business and technological premises, the creation of easement or lease of land or premises for base stations, and functional locations. Inter-operator leases in Slovenia are regulated by published price lists for most services. Non-current leases are subject to conclusion of contracts with a fixed-term period of predominantly 15 years.

For business premises, base stations and functional locations, easement compensation or lease payment is set on the basis of agreements, valuations and the lessors’ price lists. Lease contracts are concluded for a definite or indefinite period of time, while easement agreements are entered into for the period of operation of electronic communication network and the pertaining infrastructure, or for a fixed term with the possibility of extension based on new negotiations. Contracts or agreements concluded for an indefinite period of time and for the period of operation can be terminated based on certain conditions. These are as follows:

- the lessee or the easement beneficiary may terminate the contract in writing within 3 months if the property in question does not meet the technical requirements or is no longer necessary;
- the owner can terminate the contract without a notice period if the lessee destroys the building;
- a notice period of 3 to 12 months applies if the lessee breaches provisions of the concluded contract;
- the possibility of termination by the owner within 1 year pursuant to provisions of the Code of Obligations and the Office Buildings and Business Premises Act.

THE GROUP AND THE COMPANY AS THE LESSOR

The Telekom Slovenije Group and the Company Telekom Slovenije classified all leases under operating leases, as the lease does not involve transferring all significant risks and benefits connected to the ownership of the asset which is the subject of the lease. Lease payments arising from operating lease are recognised as income in the statement of profit or loss within the lease term period. These refer primarily to co-locations, lease of business premises and base stations. For the purpose of determining possible

lease payments, sample contracts are provided for regulated services, while commercial tariffs are applied for unregulated services. The bases for lease payments are prepared under the same terms and conditions as when the Group and the Company act as a lessee. Lease contracts for the use of premises, co-locations and base stations are mostly concluded for an indefinite period of time. The notice periods range from 2 to 12 months. The right to terminate the contract lies with the customer under the terms set out in the subject contract. In case of extraordinary circumstances (default) the contract may also be terminated by the Group and the Company.

f. Financial instruments

FINANCIAL ASSETS

A financial asset is recognised when the Group or the Company become a party to contractual provisions of the financial instrument.

When a financial asset is recognised by the Group or the Company for the first time, the classification will depend on the business model for managing financial assets and on their contractual cash flow characteristics of the acquired financial asset, then the asset will be classified into one of the following categories:

- financial assets measured at amortised cost, or
- financial assets measured at fair value through other comprehensive income.

Financial assets measured at amortised cost are financial instruments which the Group and the Company hold within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the financial asset gives rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This category includes borrowings, trade and other receivables, deposits, cash and cash equivalents.

Borrowings and receivables are recognised on day of the settlement and are initially measured at fair value, plus any direct transaction costs. Upon initial recognition, they are measured at amortised cost using the effective interest rate method, less expected credit losses.

Incurred profit and loss is recognised in the statement of profit or loss:

- if the financial asset is derecognised,
- if the financial asset is reclassified into a category measured at fair value through profit or loss,
- as a result of impairment.

Financial assets measured at fair value through other comprehensive income

This category includes investments in debt and equity financial instruments or shares and interests of other companies.

Upon initial recognition of investments in equity instruments not held for trading, the Group and the Company irrevocably decide to measure these investments at fair value through other comprehensive income. This decision is made individually for each asset.

The fair value of investments that are listed on the stock exchange is measured at the closing stock market price on each reporting date.

Investments are recognised/derecognised as at the date of purchase/sale, respectively.

Any gains or losses arising from changes in fair value of the financial asset are recognised in other comprehensive income and presented directly in capital within the financial instruments fair value reserve in the net amount. Amounts presented in other comprehensive income may not be subsequently transferred to profit or loss. However, the Group and the Company may transfer the cumulative gain or loss within equity’s item.

Dividends received on such investments are recognised in profit or loss only:

- upon establishment of the company’s right to receive a dividend,
- if it is likely that economic benefits arising from the dividend will flow into the company, and
- if it is possible to reliably measure the amount of the dividend,

except if the dividend clearly represents a recovery of part of the cost of the investment.

Derivative financial instruments are used to hedge a company’s exposure to risks arising from financing and investing activities. The method of recognition of gains or losses arising from the change in fair value of these instruments depends on whether hedge accounting has been applied or not. Interest rate swap liabilities are measured at fair value obtained by the Company from the banks participating in the transaction. The Company checks at least on a three-month basis whether interest rate hedging is still adequate and, if so, discloses valuation effects in other comprehensive income. In the event of positive valuation, the fair value is disclosed in the balance sheet under financial assets, and in the event of negative valuation, it is disclosed under financial liabilities.

TRADE AND OTHER RECEIVABLES

Trade receivables are amounts of receivables due from business partners from the sale of goods and services within the ordinary course of business.

To measure expected credit losses in accordance with MSRP 9, the Group and the Company use a simplified approach. Impairment of receivables is calculated as the amount equal to the expected credit losses over the entire useful life of a receivable. To measure expected credit losses, receivables were grouped together on the basis of common credit risk characteristics and maturities. Expected loss rates are based on payment data in the last 36 months and past credit losses incurred during the subject period. The effect of future-facing macroeconomic data on expected credit losses was assessed as insignificant.

Loss due to impairment of receivables is recognised among operating expenses in the statement of profit or loss and as decrease (impairment of receivables).

IMPAIRMENT OF FINANCIAL ASSETS

In line with IFRS 9, the Group and the Company use the expected loss model, and must, in addition to the losses incurred, recognise losses expected to arise in the future. To that end, the Group and the Company assess evidence of impairment of financial assets.

On each reporting date, the Group and the Company must recognise expected credit losses for the entire duration, for all financial assets where credit risk has been increased since initial recognition. In this context, they consider all relevant and provable information, including future-facing information.

To estimate impairment, the Group and the Company apply the ECL measurement methodology, which is based on the risk parameters:

- Exposure at Default [EAD],
- Probability of Default [PD] and
- Loss Given Default [LGD].

The risk parameter assessments, which they consider in estimating expected credit losses, are based on a combination of own and external [market] data.

For the purpose of potential impairment, financial assets are assessed collectively for operating receivables and individually for other financial assets.

If, on the reporting date, the credit risk for said financial instrument has not significantly increased since initial recognition, the Group and the Company measure impairment loss for the relevant financial instrument as an amount that is equivalent to expected credit losses over a 12-month period.

For trade receivables and current contract assets that do not include a significant financing component, a simplified approach is used which requires impairment loss to always be measured as an amount that is equivalent to expected credit losses in the entire duration.

In 2022, the Group and the Company did not change the valuation technique or significant assumptions in assessing impairment of these financial assets.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset is derecognised when:

- the contractual rights to receive cash flows from the financial asset are transferred, or
- contractual rights to receive cash flows are retained, but an obligation to pay those cash flows to one or more recipients (ultimate beneficiaries) is assumed and there is no obligation to pay any amounts unless the relevant amounts from the underlying asset are received.

On derecognition of an entire financial asset, the difference between its book value (on the date of derecognition) and the consideration received (including any newly acquired asset, minus any newly-undertaken liability) is recognised in profit or loss, with the exception of investments in shares and interests of other companies, for which the Group and the Company irrevocably decide to present subsequent changes in fair value under other comprehensive income.

FINANCIAL LIABILITIES

The Group's and the Company's financial liabilities mainly comprise borrowings.

Upon initial recognition, borrowings are disclosed at their fair value less possible costs. After initial recognition, borrowings are stated at amortised cost using the effective interest rate method.

Under financial liabilities, liabilities arising from profit or loss distribution (dividends) are disclosed as well until they are paid out. Dividends are recognised as a liability in the period in which they are approved at the General Meeting of Shareholders and at the amount at which they are approved. Borrowings are derecognised when all contractual obligations and liabilities are fulfilled, annulled or statute-barred.

INVESTMENTS OF THE COMPANY TELEKOM SLOVENIJE IN SUBSIDIARIES

Investments in subsidiaries are disclosed in Telekom Slovenije's separate financial statements at cost, less any impairment losses. Investments in subsidiaries are recognised on the date when risks and benefits are



transferred to the controlling company, i.e. when control is obtained.

The Group has no investments in associates and joint ventures.

Indications for impairment of investments in subsidiaries are assessed primarily under two criteria, namely:

- comparing the investment's book value with the proportionate share of the book value of the total equity of the subsidiary on the cut-off date. Indication of impairment exists when the book value of the investment on cut-off date exceeds the subsidiary's proportionate share of equity by more than 20%;
- comparing the key indicators for the financial year with projections of the subsidiary's operation.

g. Investment property

Investment property is initially stated at cost. The cost of an investment property comprises its purchase price and costs that may be directly attributed to the acquisition (transaction costs). After initial recognition, investment property is stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on a straight-line basis over the useful lives of the assets. Land is not depreciated. The useful life of investment property equals the useful lives of property, plant and equipment. Indication of impairment is assessed in the same way as for property, plant and equipment.

Investment property is derecognised upon disposal or when it is permanently withdrawn from use and no future economic benefits are expected. Gains or losses arising from the derecognition of an item of property calculated



as the difference between the net disposal proceeds and the book value of the asset are recognised in the profit or loss for the period during which the item of property is derecognised.

h. Assets held for sale

Assets held for sale are assets that are expected to be recovered through sale rather than through continuing use. The sale of these assets must be highly probable and anticipated in the coming 12 months. The sale is highly probable when the Group or the Company receives a buyer's written commitment for purchasing the assets.

Assets are reclassified under assets held for sale at the lower of their book value and fair value, less costs to sell. Assets held for sale are not subject to depreciation.

Impairment losses on assets held for sale are recognised in the statement of profit or loss under "other operating expenses", "impairment of intangible assets and property, plant and equipment" (Note 13).

The Group and the Company periodically check whether the asset meets the criteria for being classified as held for sale. If the asset no longer meets these criteria, the Group and the Company reclassify it back as an item of property, plant and equipment. This type of assets is measured at the lower of the following values:

- book value prior to the asset's classification among assets held for sale, adjusted for possible depreciation that would have been recognised if a property were not classified as property held for sale,
- recoverable amount on the date of the subsequent decision that the asset will not be sold.

Adjustments of the book values of assets which are no longer treated as assets held for sale are included in the profit or loss for the period in which the recognition criteria are no longer met.

i. Inventories

Inventories are initially recognised at cost comprising the purchase price inclusive of discounts granted, import duties and other non-refundable purchase duties, as well as costs directly attributable to the acquisition.

Inventories are accounted for using the moving average price method.

Slow-moving, obsolete or damaged inventories are impaired to their net realisable value, which is lower than the book value or the estimated sales value in the ordinary course of business, less the estimated costs of completion and costs of selling the quantity unit.

j. Deferred costs

Deferred costs represent prepaid costs that are deferred and transferred on a straight-line basis to costs, with the transfer commencing on the effective date of the contract. In terms of duration, they are classified as non-current (over 12 months) and current assets (up to 12 months). They are mainly prepaid costs of system and license maintenance.

k. Cash and cash equivalents

Cash and cash equivalents include cash in hand and available bank balances, short-term deposits with original maturity of up to 3 months, where the risk of fair value change is minimal.

l. Provisions

Provisions are recognised if a present obligation (legal or constructive) exists as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and if the amount of the obligation can be estimated reliably. If the effect is material, provisions are determined by discounting the expected future cash flows.

Obligations with uncertain timing and amount are treated depending on management's estimation of the amount and timing of the obligation and the probability of an outflow of resources that will be required to settle the obligation, either legal or constructive.

Contingent liabilities are not recognised in financial statements as their exact amount could not be measured reliably or their existence will be confirmed only upon the occurrence or non-occurrence of one or more uncertain

future events not wholly within the control of the Group and the Company.

The management of each Group company continually assess contingent liabilities to determine whether an outflow of resources embodying economic benefits has become probable. In this case, a provision is recognised in the financial statements of the period in which the change in probability occurs.

Provisions are reduced directly by costs or expenses for the covering of which they were created.

Provisions for liabilities from legal claims are formed on the basis of the estimate of the litigation outcome made by the relevant departments or external parties. The formation of provisions is assessed individually in view of the amount of the legal claim, its subject matter, the plaintiff’s assertions and the course of each individual procedure. Due to uncertainty, actual liabilities may differ from those initially assessed. Management’s estimates may change if new information is received. Amendments to these estimates can have a significant impact on the business results. The amount of provisions for liabilities from legal claims is disclosed in Note 32.

Provisions for severance pays upon retirement and jubilee rewards are formed based on statutory requirements, collective agreements and internal rules and regulations, according to which the company is obliged to pay severance pays upon retirement and jubilee rewards. Provisions are formed based on an actuarial calculation prepared by a certified actuary. They are formed in the amount of estimated future payments of severance pays and jubilee rewards discounted at the balance sheet date. A calculation is made per individual employee, taking into account the cost of severance pays upon retirement and the cost of all expected jubilee benefits by the time of retirement. At each year-end, the amount of provisions is assessed and either increased or decreased accordingly. This applies mostly for determining the discount rate, the estimate of staff fluctuation and salary growth. The estimate on these liabilities can change in the future due to the complexity of the actuarial calculation and its long-term nature. Assumptions applied are disclosed in Note 32.

Provisions for costs of removing base stations refer to the costs of removing receiving-transmitting base stations and restoring leased property to its original condition. Provisions are considered the best estimate for the costs of removal of base stations. They are recorded at the amount of the discounted value for the duration of the concession contract. The applied discount rate is based on the long-term return rate of the risk-free securities. The cost analysis on the removal of base stations, which

is usually compiled every three years, is used as basis for the estimate. As at the year-end, the Group and the Company assess whether the amount of formed provisions is sufficient; if not, the value is properly adjusted.

Provisions for restructuring the company refer to severance payments to employees upon staff restructuring and are formed when they become part of the strategic business plan and the dynamics of employment-related changes (changed number of staff) is known on the balance-sheet date.

m. Trade payables

Non-current trade payables primarily include programme rights and other payables arising from operating activities.

Among current trade payables, trade payables and other trade payables are disclosed at fair value upon initial recognition. Subsequently, they are stated at amortised cost.

n. Accrued costs

Accrued costs comprise costs of unused annual leave, costs arising from calculation of international services assessed on the basis of turnover made for which invoices have are not yet been received, and other accrued costs. Differences between accrual and actual costs are included in profit or loss upon the receipt of invoices. If no invoice is received for the already accrued costs within three years after recognition, they are derecognised after this period expires. The latter does not apply to costs arising from calculation of international services, whose derecognition is assessed individually.

o. Sales revenue

Sales revenue is recognised solely on the basis of the contract entered into with the customer. It is recognised when goods and services are transferred to the customer in the amount that reflects the compensation expected in exchange for these sold goods and services.

Each promised good or service is treated as a separate performance obligation if it is distinct. It is distinct when the customer can benefit from said good or service. Performance obligation is a promise to provide goods or services to the customer. The Group and the Company have identified the following performance obligations:

- service,
- goods.

In the case of contracts with customers with a term of 12 or 24 months that include several performance obligations (e.g. partially subsidised mobile phone or other communication device, bundled with the service), the

price of the whole transaction is allocated to individual performance obligations on the basis of relative stand-alone selling prices of the device and service. Revenue from the sale of goods is recognised immediately, while revenue from services is recognised over the contractual term. In this context, the contract assets are recognised that are associated with the right to consideration for sold goods or services rendered, but not billed, on the reporting date. Payments are due in up to 90 days.

The value of the whole transaction is the amount of the compensation expected in exchange for transferring promised goods or services. The value can be fixed or variable.

Revenue is recognised when the performance obligation is satisfied, i.e. when control of a good or service is transferred to a customer. Control means that the customer has the ability to direct the use of and obtain substantially all of the main benefits from the asset and the ability to prevent others from directing the use of and obtaining the benefits from the asset. With services where performance obligations are met gradually, the Group and the Company recognise revenue on a monthly basis in the amount that directly corresponds to the value of the part of the obligation fulfilled up to that moment. On the basis of services rendered or the transfer of goods to the customer, the Group and the Company recognise revenue in the accounting period in which the services or transfer of goods are performed and in the amount they are entitled to charge.

Discounts granted upon contract signing are allocated between all performance obligations and are deferred over the contract term. All discounts granted subsequently are recognised in the period for which they were granted, as a revenue decline. Revenue is recognised in a net amount, exclusive of value added tax, other taxes and any sales-related discounts.

Revenue relating to the mobile segment includes revenue from connection fees, subscriptions, conversations, messages, data transfer, roaming out and additional services (e.g. service with added value, M-vrata), and revenue from the sale of mobile phones and accessories.

Revenue from the sale of prepaid cards is deferred and recognised in the period when the customer uses prepaid services. Should the customer fail to make use of them, the revenue is recognised when the validity of an individual prepaid account expires.

Revenue from the fixed-line segment comprises revenue from connection fees, subscriptions, conversations, and revenue from the sale of merchandise. Fixed-line services comprise revenue from broadband services, classic

fixed-line phone services and Centrex, fixed-line data services (services with added value), data communication, IT-services and goods, and revenue from other telecommunications services.

Connection fees in the mobile and fixed-line segment are recorded in the period in which the connection of the customer is completed. Subscriptions are charged on a monthly basis. Revenue from services with added value is disclosed on the net basis in the amount of the contractual commission. Revenue from IT services and goods (e.g. system integrations, cloud computing, management of integrated IT solutions) is recorded depending on the contractual relationship with the customer. For providing services and maintenance thereof, the revenue is charged on a monthly basis or deferred in the contract period. Revenue generated from the sale of licences or IT products is recognised in the period when the sale is made.

Revenue from additional services mainly include the income financial services (VALÚ Moneta), eHealth, Big data, and insurance.

Revenue from wholesale market comprises broad-band access, stream broad-band access, network interconnection, lease of network, national tracking, and foreign inter-operator services.

Revenue from network interconnection is recognised based on the estimated value expected in view of the traffic performed in the previous month. Monthly differences between estimated and actual revenue arise mostly as a result of the tolerance allowed with data about traffic, and the price changes. The tolerance allowed differs from one contract to another, amounting to a maximum of 2% of the contractual value. These differences are included in profit or loss when the actual balance of revenue is established. Revenue is recognised on the gross basis, as the Group provides services by means of own network and equipment, based on contractually defined prices. Revenue is recognised in the period in which the services are rendered.

Other revenue and other merchandise of the Telekom Slovenije Group include revenue generated through network construction and maintenance by GVO, business IT solutions provided by Avtenta, salt and related products of the company Soline, and multi-media contents of TSmedia.

With services where performance obligations are met gradually (e.g. telecommunication network construction and maintenance), the, Group recognises revenue on a monthly basis in the amount that directly corresponds to the value of the part of the company’s obligation fulfilled up to that moment. The Group measures gradual progress towards complete fulfilment of performance obligation

by applying the output method. The Group has contracts in place under which the interim situation in terms of the work done is established on a monthly basis. Based on the completed situations confirmed by the customer, a monthly invoice is issued and revenue is recognised.

Other revenue and other merchandise of Telekom Slovenije include costs of income from rendering support services for subsidiaries, lease of premises and equipment, tourism, other non-telecommunication services, and income from the sale of material and other merchandise.

In all previously mentioned cases, the Group and the Company observe the policy of concurrent recognition of revenue and costs in the period when the service is rendered or goods sold, regardless of when the payment is made.

CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset from contracts with customers is the Group’s and the Company’s right to consideration in exchange for goods or services that the Group or the Company have transferred to a customer, if this right is conditional on something other than only the passage of time [e.g. the performance of future obligations]. A contract asset arises if goods or services are transferred to a customer before the consideration is paid. In terms of time, assets are classified as non-current and current contract assets.

It is checked on the reporting date whether contract assets should be impaired. To determine impairment of contract assets which do not include a significant financing component, a simplified approach is used, which requires impairment loss to always be measured as an amount that is equivalent to expected credit losses in the entire duration. The Group and the Company impair the contract assets for expected losses. Upon terminating a contract, the contract asset is derecognised and expense arising from write-off of contract assets is recognised.

Contract liabilities are obligations to transfer goods or services to the customer, for which The Group and the Company have already received consideration from the customer. Contract liabilities, regarding which it is expected that the goods or services will be transferred to the customer in a period longer than 12 months, are recorded as non-current liabilities.

Contract liabilities mainly refer to co-locations billed in advance, which are defined as a service under IFRS 15 and are transferred among operating income according to the contractually agreed term of co-location. Contract

liabilities involve the estimate of issued credit notes arising from calculation of international services, valued by turnover made, liabilities arising from the sale of prepaid phone cards, and the customer loyalty programme. Co-funded projects refer to cash received from these projects. Upon terminating a contract with customers, which caused the liability to be recognised, the liability is derecognised and income arising from write-of of liabilities from contracts with customers is recognised.

Customer loyalty program

With the loyalty program, the Group and the Company encourage customers to purchase goods and services. By joining the loyalty program and by purchasing goods or services, the customer is assigned a credit that can be redeemed as a benefit when purchasing goods or services. With each euro of payment, the buyer is rewarded with 1 point, which is worth 1 cent [100 points = 1 euro]. The points are redeenabke one year from the date of purchase [until the end of the month in which it was obtained one year earlier]. After this period, the credit expires and revenue is recognised.

GOVERNMENT GRANTS AND CO-FUNDED PROJECTS

Government grants from co-funded projects are recognised in the balance sheet depending on the contract and documentation for an individual project, when there is assurance that the Company will receive the grant and fulfil the related conditions. Deferred income refers to cash received from projects, which is not yet income, as the costs which these amounts are meant to cover have not been incurred yet. The Group and the Company reverse the recognition of such accruals and deferrals by calculating eligible costs. Accrued revenue arises when project-related costs have already been incurred but the conditions for issuing the invoice have not been fulfilled yet. In line with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance, the Group and the Company present income-related grants by applying the method under which they are disclosed under other income items.

p. Finance income and finance expenses

Finance interest income and expenses are recognised in the statement of profit or loss in the period in which they occurred on the basis of the contractually set interest rate. Income from dividends received is recognised on the day when the Group and the Company become entitled to the dividend. Exchange rate differences are disclosed in the net amount.

q. Income tax

Income tax for the year comprises current and deferred tax.

Income tax is recognised in the statement of profit or loss except to the extent that it relates to items directly recognised in other comprehensive income or equity, In this case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous years.

Deferred tax is calculated using the balance sheet liability method, providing for all temporary differences between the book values and tax bases of assets and liabilities. The amount of deferred tax is determined based on the expected method of payment or settlement of the book value of assets and liabilities using the expected tax rates of income taxes in future periods. Deferred tax assets are recognised if it is probable that sufficient taxable profit will be available in the future, against which the deductible temporary tax differences can be utilised.

Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset current tax assets and current income tax liabilities and if the deferred tax is related to the same taxable legal entity and the same taxation authority. Deferred tax is charged or credited directly to equity or other comprehensive income if the tax relates to items that are credited or charged in the same or a different period, directly to other comprehensive income.

r. Statement of cash flows

The statement of cash flows is compiled using the indirect method based on items of the balance sheet as at 31 December 2022 and 31 December 2021, statement or profit or loss for 2022, and additional information necessary to make adjustments of cash inflows and outflows.

4. FAIR VALUE DETERMINATION

In view of the accounting policies and itemisation, the fair value of financial and non-financial assets and liabilities is to be determined in certain cases. The Group and the Company apply the following hierarchy in determining fair values:

Level 1: determination of fair value directly by referencing the official published price on an active market;

Level 2: other models used to determine fair value based on assumptions and material impact on fair value in line with observed current market transactions with the same instruments either directly or indirectly;

Level 3: other models used to determine fair value based on assumptions and material impact on fair value that are not in line with observed current market transactions with the same instruments and investments.

The fair values of individual groups of assets are defined for the purpose of measurement and reporting using the methods described below. With reference to assumptions for determining fair values, additional clarifications are required and thereby stated in the breakdown to individual items of assets and liabilities. For more details see Note 40.

INVESTMENT PROPERTY

Due to the disclosure of fair value of investment property, fair value is determined annually with the help of certified property appraisers. The fair value defined as the price that would be received in case of the assets’ sale or paid for the transfer in an agreed transaction among the market participants as at the date of measurement is used as the basis for assessing the value. During the value assessment, the suitability of valuation methods used for measuring the values of ownership rights within all three methods is examined: market approach, income approach and cost approach.

INVESTMENTS IN EQUITY INSTRUMENTS

Fair value of investments in equity instruments that are listed on the stock exchange is defined on the basis of the closing stock exchange rate as at the reporting date. The fair value of other investments is determined based on an appraisal conducted by a certified business appraiser or on the basis of an internally prepared appraisal model. The impacts of appraisals are described in Note 20.

TRADE AND OTHER RECEIVABLES

Current trade receivables are not discounted due to their short-term nature. Upon initial recognition, their cost is decreased by expected credit losses.

FINANCIAL LIABILITIES

In financial liabilities relating to borrowings, the fair value does not deviate from the amortised cost.

5. COMPOSITION OF THE TELEKOM SLOVENIJE GROUP

SUBSIDIARIES¹⁰⁸

As at the reporting date, the Telekom Slovenije Group comprises the controlling company Telekom Slovenije and the following subsidiaries:

							Share in voting rights in %		Book value of equity in EUR thousand		Profit or loss in EUR thousand	
Name	Address	Country	Activity		Tax rate	Share in equity in %	2022	2021	2022	2021	2022	2021
SLOVENIA												
1	GVO, gradnja in vzdrževanje telekomunikacijskih omrežij, d.o.o.	Slovenia	construction, maintenance works and management of telecommunications network		19%	100%	100%	100%	28,119	24,629	3,090	4,931
2	Avtenta, napredne poslovne rešitve, d.o.o.	Slovenia	system integrator		19%	100%	100%	100%	2,917	3,296	431	354
3	TSmedia, medijske vsebine in storitve, d.o.o.	Slovenia	multimedia and internet content		19%	100%	100%	100%	298	342	-117	31
4	SOLINE Pridelava soli, d.o.o.	Slovenia	production of salt and preservation and management of a landscape park		19%	100%	100%	100%	896	1,207	-1,355	-265
5	TSinpo, storitveno in invalidsko podjetje, d.o.o.	Slovenia	paper and cardboard tubes		19%	100%	100%	100%	125	57	34	19
6	Optic-Tel, d.o.o.	Slovenia	telecommunication services		19%	100%	100%	100%	5,989	5,282	707	145
7	Infratel, d.o.o.	Slovenia	telecommunication services		19%	100%	100%	100%	5,122	4,995	127	14
8	Institution Ustanova Srčni Sklad	Slovenia	humanitarian organisation		19%	100%	100%	100%	21	17	4	-6
ABROAD												
9	IPKO Telecommunications LLC	Kosovo	telecommunication services		10%	100%	100%	100%	29,784	14,862	14,922	11,867
10	SIOL, d.o.o., Zagreb	Croatia	telecommunication services		20%	100%	100%	100%	818	862	-30	18
11	SiOL d.o.o., Sarajevo	Bosnia and Herzegovina	telecommunication services		10%	100%	100%	100%	2,041	1,746	295	-16
12	SIOL, d.o.o., Podgorica	Montenegro	telecommunication services		9%	100%	100%	100%	2,731	2,776	111	81
13	SIOL, d.o.o., Skopje	North Macedonia	telecommunication services		10%	100%	100%	100%	1,515	1,443	76	75
14	SIOL DOO Beograd-Palilula	Serbia	telecommunication services		15%	100%	100%	100%	467	437	9	1
15	GVO Telekommunikation GmbH	Germany	building and maintenance works on telecommunication networks		15%	100%	100%	100%	4	25	-22	-1
16	SIOL, d.o.o. Prishtina	Kosovo	telecommunication services		10%	100%	100%	100%	374	264	110	83

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CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the Group composition in 2022. In 2021, a decision was adopted to start the process of winding up and liquidating the company GVO Telekomunikation GmbH.

6. SEGMENT REPORTING

Segment reporting disclosures are based on an internal reporting system which management uses in decision-making. The criterion for segment reporting is the country of a company’s headquarters; hence, the Group records two segments: Slovenia and other countries.

Slovenia – this segment encompasses all Group companies with a registered office in Slovenia and activities in the areas of fixed and mobile telephony telecommunication services, the installation and maintenance of telecommunications network, the provision of multimedia and internet services, and digital content and television. This segment includes: Telekom Slovenije, GVO, Avtenta, TSmedia, Soline, TSinpo, Optic-tel, and Infratel as well as Ustanova Srčni sklad, which organises

and collects donations, subsidies and other monetary and non-monetary assets to pursue its charity mission.

Other countries – includes all other Group companies, namely IPKO, SiOL Zagreb, SiOL Sarajevo, SiOL Podgorica, SiOL Skopje, SiOL Beograd, SiOL Pristhine and GVO Telekomunikation GmbH. The core activity of this segment is the provision of telecommunication services.

Sale transactions between individual segments are effected at market conditions. Intragroup transactions are eliminated in the consolidation procedure and included among eliminations and adjustments.

The Group does not disclose finance income and expenses per segments as the Group’s financing is centralised and conducted on the level of the controlling company. Disclosures on revenue from external sales by type of product are provided in Note 7.

Segments’ accounting policies equal those applied by the Group, as outlined in Section 3.



Segment reporting

in EUR thousand	Slovenia		Other countries		Eliminations and adjustments*		Total	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
External sales	578,200	580,610	73,921	67,637			652,121	648,247
Inter-segment sales	92,585	74,810	9,050	7,165	-101,635	-81,975	0	0
Total segment revenue	670,785	655,420	82,971	74,802	-101,635	-81,975	652,121	648,247
Other income	4,886	4,471	1,946	832			6,832	5,303
Cost of goods and material sold	-84,014	-92,090	-2,534	-1,871			-86,548	-93,961
Costs of materials and energy	-20,349	-14,600	-2,227	-1,898			-22,576	-16,498
Costs of services	-187,881	-185,238	-20,622	-19,323			-208,503	-204,561
Labour costs	-111,182	-104,925	-6,676	-6,346			-117,858	-111,271
Depreciation/Amortisation	-140,061	-143,649	-26,029	-25,407			-166,090	-169,056
Other operating expenses	-6,147	-5,292	-869	-1,215			-7,016	-6,507
Total operating expenses	-549,634	-545,794	-58,957	-56,060			-608,591	-601,854
Operating profit per segment	126,037	114,097	25,960	19,574	-101,635	-81,975	50,362	51,696
Finance income							3,505	1,996
Finance expenses							-8,442	-8,617
Profit before tax							45,425	45,075
Income tax							-5,020	-4,705
Deferred taxes							-2,899	-2,482
Net profit for the period							37,506	37,888

Other data by segment	Slovenia		Other countries		Eliminations and adjustments*		Total	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Segment assets	1,314,368	1,307,526	138,163	122,128	-177,193	-179,315	1,275,338	1,250,339
Carrying amount of goodwill	3,718	3,718	0	0	0	0	3,718	3,718
Investments in intangible assets	35,062	100,948	21,488	3,326	0	0	56,550	104,274
Investments in property, plant and equipment	86,495	86,884	11,497	10,671	0	0	97,992	97,555
Segment liabilities	664,662	655,461	100,423	99,713	-101,424	-105,266	663,661	649,908

*The amount of mutual relations between companies which is excluded from the consolidated financial statements.



Segment revenue

	Slovenia		Other countries		Total	
in EUR thousand	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Mobile services on end-customer market	206,773	210,416	48,123	41,577	254,896	251,993
Fixed-line telephone services on end-customer market	190,679	193,442	21,056	22,521	211,735	215,963
- of which IT services	33,083	32,310	312	204	33,395	32,514
Additional services	4,310	7,090	0	0	4,310	7,090
Wholesale market	149,837	143,842	4,742	3,539	154,579	147,381
Other revenue and merchandise	26,601	25,820	0	0	26,601	25,820
Total sales revenue	578,200	580,610	73,921	67,637	652,121	648,247

	Slovenia		Other countries		Total	
in EUR thousand	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Revenue from services rendered	488,156	484,884	71,542	66,309	559,698	551,193
Revenue from the sale of goods	90,044	95,726	2,379	1,328	92,423	97,054
Total sales revenue	578,200	580,610	73,921	67,637	652,121	648,247

7. SALES REVENUE

Breakdown of sales revenue by service groups

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Mobile services on end-customer market	254,896	251,993	207,043	210,592
Fixed-line telephone services on end-customer market	211,735	215,963	189,890	192,985
- of which IT services	33,395	32,514	32,134	31,397
Additional services	4,310	7,090	4,322	7,091
Wholesale market	154,579	147,381	152,344	144,912
Other revenue and merchandise	26,601	25,820	22,287	22,050
Total sales revenue	652,121	648,247	575,886	577,630

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Revenue from services rendered	559,697	551,193	480,176	476,905
Revenue from the sale of goods	92,424	97,054	95,710	100,725
Total sales revenue	652,121	648,247	575,886	577,630

Sales revenue represents sales revenue from contracts with customers. The Group and the Company recognise revenue on the basis of a contract with a customer and when goods and services are passed to the customer in the amount that reflects the compensation to which they expect to be entitled.

In the case of contracts with customers with a term of 12 or 24 months that include several performance obligations (e.g. partially subsidised mobile phone or other communication device, bundled with the service), the price of the whole transaction is allocated to individual performance obligations on the basis of relative stand-alone selling prices of the device and service. Revenue from the sale of goods is recognised immediately, while revenue from services is recognised over the contractual term. In this context, the contract assets are recognised that are associated with the right to consideration for sold goods or services rendered, but not billed, on the reporting date.

Management expects that 77% of the transaction price, allocated to unfulfilled obligations as at 31 December 2021, will be recognised as revenue in the amount of EUR 64,271 thousand in the next reporting period. The remaining 23%, i.e. EUR 19,360 thousand, will be recognised in 2024 financial year. All other contracts with customers are valid for a period of one year or less, or are charged according to the agreed term. The Group and the Company used the practical expedient provided under IFRS 15.121 and chose not to disclose information about the unsatisfied performance obligations.

In 2022, the Group and the Company recognised EUR 4,211 thousand in revenue (in 2021: EUR 4,691 thousand), which was included at the start of the period under the balance of liabilities from contracts with customers.

Revenue from sales in the Telekom Slovenije Group amounted to EUR 652.1 million in 2022, which is EUR 3,874 more than in 2021.

Lease maturity analysis – non-discounted leases which will be received in the period

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
Maturity	2023	2022	2023	2022
◦ up to 1 year	7,623	11,051	8,529	11,862
◦ between 1 and 2 years	7,460	6,428	8,366	7,165
◦ between 2 and 3 years	7,336	6,252	7,716	6,989
◦ between 3 and 4 years	6,746	6,111	7,126	6,295
◦ between 4 and 5 years	10,709	5,520	11,144	5,704
◦ over 5 years	31,642	32,211	33,319	32,577

In the mobile services on end-customer market, revenue has increased mostly due to the higher number of subscribers and prepaid subscribers in Kosovo, which is the result of intensive activities to acquire new users.

In the fixed-line telephone services on end-customer market, revenue is lower as a result of a decrease in revenue from fixed-line phone services, which is the result of a decline in traditional connections, as well as due to lower revenue from the sale of licenses and IT goods; consequently, the costs of subcontractors and the cost of the goods sold are also lower.

Additional sources of revenue include revenue from financial services, energy services, eHealth, and insurance. We are recording growth in all the mentioned segments, with the exception of energy services. In 2022, revenues were lower due to the termination of the supply of electricity to end users.

Revenue on the wholesale market is higher than the revenue achieved in the comparative period in 2021, primarily because of increased revenue from international call services in Kosovo and increased revenue from domestic wholesale in Slovenia

Other revenue and merchandise increased compared to 2021 due to higher revenue generated by the subsidiaries on the market.

REVENUE FROM LEASES

The Telekom Slovenije Group generated EUR 10,659 thousand of revenue from leases in 2022 and EUR 9,698 thousand in 2021.

The company Telekom Slovenije generated EUR 11,673 thousand of revenue from leases in 2022 and EUR 10,492 thousand in 2021.



8. OTHER OPERATING INCOME

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Government grants and other aids	1,634	1,722	720	371
Gains on disposal of property, plant and equipment	1,150	2,234	1,331	2,053
Revaluation other income	20	46	2	8
Revenue from write-off of liabilities from contracts with customers	29	19	29	19
Revenue from humanitarian foundation	54	52	0	0
Other income	3,945	1,230	1,143	970
Total other operating income	6,832	5,303	3,225	3,421

Other income relates mainly to received compensations, income from payment reminders, received court-related expenses and other expenses.

Government grants and other aids mainly include state aid measures for mitigating the covid-19 epidemic effects. Pursuant to the Act Determining the Intervention Measures to Contain the Covid-19 Epidemic and Mitigate its Consequences for Citizens and the Economy, some of the Telekom Slovenije Group companies used individual state aid measures:

- reimbursement of compensation for short-term absence from work due to covid-19 for up to 3 days, at the expense of the employer, was used by the following companies: Telekom Slovenije, GVO, Avtenta, and TSmedia, in the total amount of EUR 9 thousand.
- reimbursement of salaries compensation when an employee did not perform work due to force majeure was used by the following companies: Telekom Slovenije, GVO, Avtenta, TSmedia, and Soline, in the total amount of EUR 10 thousand.
- reimbursement of compensation for the quarantine period was used by the following companies: Telekom Slovenije, GVO, TSinpo, and Soline, in the total amount of EUR 23 thousand.

9. COSTS OF GOODS SOLD, COSTS OF MATERIALS, ENERGY AND SERVICES

COST OF GOODS SOLD

The cost of goods sold includes the cost of mobile and fixed telephony goods and other goods. Mobile telephony goods include mobile phones, whereas fixed telephony goods comprise TV sets, tablets, lap-tops, IT goods. Other goods consist of household equipment, material and electricity. In 2022, the cost of goods sold of the Telekom Slovenije Group and the company Telekom Slovenije totalled EUR 86,548 thousand (in 2021: EUR 93,961 thousand) and EUR 94,836 thousand (in 2021: EUR 100,989 thousand). The cost decrease in the Company and the Group in 2022 is the result of the Company's decision to stop supplying electricity to end users from 1 January 2022.

Costs of materials and energy

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Costs of material	5,251	4,860	1,536	1,491
Costs of energy	17,325	11,638	14,252	9,122
Total costs of materials and energy	22,576	16,498	15,788	10,613

The costs of material mainly include material for maintenance of the network, office supplies and computer accessories, sales of promotion material, professional literature and small tools. The bulk of the costs of energy is accounted for by electricity and fuel.

Cost of services

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Telecommunications services	107,783	106,696	106,200	105,174
Costs of leased lines, networks and platforms	4,942	5,322	7,783	7,978
Multimedia contents	10,484	8,976	9,849	8,944
Costs of subcontractors	26,671	22,393	19,794	18,053
Maintenance of property, plant and equipment	20,225	21,972	20,836	22,183
Costs of other services	38,398	39,202	31,300	31,212
Total costs of services	208,503	204,561	195,762	193,544

The Group's costs of services in 2022 are higher by EUR 3,942 thousand compared to 2021. In 2022, income from domestic wholesale was higher, resulting in higher costs of telecommunication services. The costs of leased lines, networks and platforms, and the costs of maintenance of property, plant and equipment are slightly lower.

The costs of services at the Company Telekom Slovenije are EUR 2,218 thousand higher in 2022 compared to the previous year, mainly the costs of telecommunications and multimedia services. The costs of leased lines, networks and platforms, and the costs of maintenance of property, plant and equipment are slightly lower.

Costs of other services mainly comprise advertising and sponsorship costs in the amount of EUR 8,427 thousand (in 2021: EUR 8,559 thousand), costs of intellectual and personal services in the amount of EUR 6,485 thousand (in 2021: EUR 7,583 thousand), and insurance premiums in the amount of EUR 3,301 thousand (in 2021: EUR 3,173 thousand). Costs of research and development amounted to EUR 4 thousand in 2022 (none in 2021).

In 2022, the costs related to variable lease payments of the Telekom Slovenije Group stood at EUR 73 thousand (in 2021: EUR 154 thousand) and of the company Telekom Slovenije at EUR 33 thousand (in 2021: EUR 35 thousand).

10. LABOUR COSTS

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Salaries and compensations	98,470	95,782	75,826	73,226
Social security contributions	19,555	18,883	15,327	15,016
<ul style="list-style-type: none">◦ of which pension insurance contributions	12,609	12,380	9,675	9,710
Other labour costs	13,826	12,684	10,309	9,249
Provisions for jubilee rewards	697	59	558	33
Provisions for severance pays	1,541	772	1,121	427
<ul style="list-style-type: none">◦ of which provisions for restructuring	1,157	268	792	0
Capitalised own products and services	-16,231	-16,909	-4,695	-5,263
Total labour costs	117,858	111,271	98,446	92,688

In the **Telekom Slovenije Group**, of the total capitalised own products and services in the amount of EUR 18,489 thousand [in 2021: EUR 19,130 thousand], EUR 16,231 thousand were disclosed under labour costs [in 2021: EUR 16,909 thousand]. The rest is disclosed under Other operating expenses [Note 13]. Services rendered for the needs of the Group are capitalised among intangible assets and property, plant and equipment [Notes 16 and 17].

In 2022, the average number of employees by hours worked in the Telekom Slovenije Group was 3,158 [in 2021: 3,234 employees].

In the **company Telekom Slovenije**, of the total capitalised own products and services in the amount of EUR 5,515 thousand [in 2021: EUR 6,112 thousand], EUR 4,695 thousand were disclosed under labour costs [in 2021: EUR 5,263 thousand]. The rest is disclosed under Other operating expenses [Note 13]. Services rendered for the needs of the Group are capitalised among intangible assets and property, plant and equipment [Notes 16 and 17].

In 2022, the average number of employees by hours worked in the company Telekom Slovenije was 2,033 [in 2021: 2,076 employees].

Employee structure by level of education

Level/ Number of employees	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Level I–IV	281	287	99	106
Level V	947	970	684	697
Level VI	664	704	384	382
Level VII	1,188	1,158	824	823
Level VIII	182	165	112	111
Total	3,262	3,284	2,103	2,119

11. DEPRECIATION/AMORTISATION

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I–XII 2022	I–XII 2021	I–XII 2022	I–XII 2021
Amortization of intangible assets	72,357	72,756	59,477	61,301
Depreciation of PP&E	80,861	83,687	67,283	69,506
Amortisation of right-of-use assets	12,728	12,550	11,968	11,286
Depreciation of investment property	147	81	153	82
Depreciation from lease modifications	-3	-18	0	0
Total	166,090	169,056	138,881	142,175

Amortisation/depreciation is disclosed in more detail in Chapters 16, 17, 18 and 23.



12. FINANCE INCOME AND FINANCE EXPENSES

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I–XII 2022	I–XII 2021	I–XII 2022	I–XII 2021
Dividend income	240	128	1,185	11,128
Interest income	1,261	1,317	2,860	3,569
Net exchange gains	0	0	11	1
Revenue from write-off of liabilities for right-of-use assets	62	78	62	77
Other finance income	1,942	473	1,853	450
Total finance income	3,505	1,996	5,971	15,225
Interest on bonds issued	0	872	0	872
Interest expenses	5,431	4,756	5,427	4,783
Foreign exchange net losses	384	549	416	538
Impairments and write-offs of investments	0	1	556	225
Interest expenses from lease liabilities	2,122	2,214	2,072	2,227
Other finance expenses	505	225	137	101
Total finance expenses	8,442	8,617	8,608	8,746
Financial result	-4,937	-6,621	-2,637	6,479

In 2022, **the company Telekom Slovenije** received dividends from the subsidiary Avtenta in the amount of EUR 800 thousand and the subsidiary SIOL Podgorica in the amount of EUR 145 thousand [dividend income]. In 2021, the Company received dividends from the subsidiary GVO in the amount of EUR 11,000 thousand.

Based on the valuation prepared by certified business appraisers, in 2022 the Company impaired the financial investment in the subsidiary TSmedia in the amount of EUR 300 thousand and the investment in the subsidiary Soline in the amount of EUR 256 thousand, and recognised finance expenses arising from this [Impairments and write-offs of investments]. The investment in the subsidiary TSmedia was also impaired in 2021 in the depends amount of EUR 225 thousand.

13. OTHER OPERATING EXPENSES

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Provisions	-20	-1,005	0	0
Loss on disposal of intangible assets and property, plant and equipment	760	989	758	974
Impairment and write-off of inventories	1,380	2,192	1,266	2,161
Impairment and write-off of operating and other receivables	2,545	2,395	1,968	1,952
Adjustment and write-off of contract assets	617	682	609	677
Impairment of intangible assets and property, plant and equipment	953	686	189	0
Impairments of assets of own production	0	0	0	0
Impairment of leased [ROU] assets	35	54	24	55
Capitalised own products and services	-2,258	-2,221	-820	-849
Other humanitarian expenditure – Srčni sklad	62	58	0	0
Other expenses	2,942	2,677	2,920	2,474
Total other operating expenses	7,016	6,507	6,914	7,444

In 2022, expenditure for provisions in the Group was negative due to the reversal of provisions for performance bonds. In 2022, the Company Telekom Slovenije did not form or reverse any provisions for liabilities from litigation claims.

Other expenses mostly relate to the cost of compensation for the use of land.

14. INCOME TAX, DEFERRED TAX ASSETS AND TAX LIABILITIES

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Current tax payable	-5,020	-4,705	-2,349	-3,553
Deferred tax assets/ liabilities	-2,899	-2,482	-2,705	-2,153
Total tax	-7,919	-7,187	-5,054	-5,706

Reconciliation of the actual and accounted for expenses for tax with deferred tax considering the effective tax rate

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	2022	2021	2022	2021
Profit before tax	45,425	45,075	25,847	40,077
Income tax using the prescribed tax rate	-8,634	-8,393	-4,911	-7,615
Tax-free dividends received	43	124	214	2,011
Tax relief used in the current period	924	959	683	690
Reversal of tax relief used in previous periods	-22	-1	-21	0
Non-deductible expenses	-1,919	-1,897	-1,763	-1,731
Deductible expenses/revenues that were non-deductible in previous years	748	1,064	745	1,022
Tax loss	-203	-356	0	0
Unused reliefs	0	-84	0	-84
Other items [corrections, withholding tax]	1,144	1,397	-1	1
Total tax with deferred tax	-7,919	-7,187	-5,054	-5,706
Effective tax rate	17.4%	15.9%	19.6%	14.2%

The tax loss of the **Telekom Slovenije Group** as at 31 December 2022 stood at EUR 107,530 thousand [31 Dec 2021: EUR 106,367 thousand].

The tax loss of the **company Telekom Slovenije** as at 31 December 2022 stood at EUR 91,967 thousand [31 Dec 2021: EUR 91,967 thousand].

The unused tax reliefs of the Group stand at EUR 72,489 thousand for 2022, and at EUR 70,547 thousand for 2021. The unused tax reliefs of the company Telekom Slovenije as at 31 December 2022 stood at EUR 71,697 thousand [31 Dec 2021: EUR 69,852 thousand].

Deferred tax assets and liabilities are calculated on the basis of temporary differences under the balance sheet liability method using the corporate income tax rate in the following years.

In the period concerned, corporate income was taxed at a 19% tax rate [2021: 19%] in Slovenia. Tax rates in other companies are defined in the table of subsidiaries in Note 5.



Deferred tax assets

in EUR thousand	Telekom Slovenije Group				The Company Telekom Slovenije			
	2022	2021	Through statement of profit or loss	Across comprehensive income	2022	2021	Through statement of profit or loss	Across comprehensive income
Intangible assets, and property, plant and equipment	21,251	20,194	1,057	0	21,243	20,185	1,059	0
Investments	640	1,217	-548	1	640	1,217	-578	1
Trade receivables	2,732	2,605	127	0	2,607	2,483	124	0
Tax loss and unused tax reliefs	14,376	17,713	-3,337	0	14,376	17,712	-3,337	0
Provisions	325	283	42	0	191	164	27	0
Deferred tax assets	39,324	42,012	-2,689	1	39,057	41,761	-2,705	1

Deferred tax assets from intangible assets and property, plant and equipment arise from the difference between business-related and tax depreciation.

As at 31 December 2022, the Group and the Company have EUR 2,963 thousand of deferred tax assets from unused investment incentives. In their tax declarations, the Group and the Company took into account the investment incentives from the previous years and used deferred tax assets in the amount of EUR 3,337 thousand. Deferred tax assets from investment incentives for 2022 were not formed.

The use of deferred tax assets from unused tax loss carry-forwards is based on the going concern criterion of use of tax loss, which is unlimited, and the possibility of reduction of tax base by 50% at most. As at 31 December 2022, the Group and the Company have formed EUR 11,413 thousand of deferred tax assets from tax loss.

The Group and the Company take in consideration two criteria for tax planning: strategic business plan and applicable tax legislation. Future taxable profit is derived from the strategic business plan, which is approved for the 2022–2026 period.

In tax planning, the Group and the Company prepared the plan of using tax deductions in the next 3-year period, stating that the formed deferred tax assets from investment incentives will be fully used in the planned period, and the formed deferred tax assets from tax loss, which is not restricted by law, will start being used after 2025, with different dynamics.

Deferred tax liabilities

in EUR thousand	Telekom Slovenije Group				The Company Telekom Slovenije			
	2022	2021	Through statement of profit or loss	Across comprehensive income	2022	2021	Through statement of profit or loss	Across comprehensive income
Intangible assets, and property, plant and equipment	1,600	1,389	210	0	0	0	0	0
Investments	293	321	0	-27	293	321	0	-28
Deferred tax liabilities	1,893	1,710	210	-27	293	321	0	-28

Changes in deferred tax assets

in EUR thousand	Telekom Slovenije Group	The Company Telekom Slovenije
Balance as at 1 January 2021	44,448	43,929
Drawing	-7,735	-7,704
Reversal	-1,078	-767
Formation	6,377	6,303
Balance as at 31 Dec 2021	42,012	41,761
Drawing	-8,374	-8,351
Reversal	-922	-789
Formation	6,608	6,436
Balance as at 31 Dec 2022	39,324	39,057

Changes in deferred tax liabilities

in EUR thousand	Telekom Slovenije Group	The Company Telekom Slovenije
Balance as at 1 January 2021	1,563	235
Reversal	23	-38
Formation	124	124
Balance as at 31 Dec 2021	1,710	321
Reversal	-194	-194
Formation	377	166
Balance as at 31 Dec 2022	1,893	293

In Telekom Slovenije, the amount of deductible temporary differences, unused tax losses and unused investment incentives for which deferred tax assets were not formed, amounts to:

- as at 31 Dec 2021: EUR 68,591 thousand, and deferred tax assets would amount to EUR 13,032 thousand;
- as at 31 Dec 2022: EUR 88,002 thousand, and deferred tax assets would amount to EUR 16,720 thousand;

In the Telekom Slovenije Group, the amount of deductible temporary differences, unused tax losses and unused investment incentives for which deferred tax assets were not formed, amounts to:

- as at 31 Dec 2021: EUR 83,500 thousand, and deferred tax assets would amount to EUR 15,865 thousand;
- as at 31 Dec 2022: EUR 104,061 thousand, and deferred tax assets would amount to EUR 19,772 thousand.

The Group and the Company did not form deferred tax assets because long-term projections do not show the possibility of use in the future.



INCOME TAX RECEIVABLES

Income tax receivables for 2022 amount to EUR 1,387 thousand for the Telekom Slovenije Group [in 2021: EUR 208 thousand].

Income tax receivables for 2022 amount to EUR 1,286 thousand for the company Telekom Slovenije [in 2021: EUR 116 thousand].

INCOME TAX PAYABLES

The current income tax payables for 2022 amount to EUR 221 thousand for the Telekom Slovenije Group [in 2021: EUR 3,769 thousand].

The Company Telekom Slovenije has no income tax payables amount in 2022; in 2021 its liabilities amounted to EUR 3,553 thousand.

15. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares, excluding ordinary shares owned by the Company or the Group.

The Group and the Company do not have any dilutive potential ordinary shares, which is why the basic and diluted earnings per share are equal.

Weighted average number of ordinary shares

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Number of all shares	6,535,478	6,535,478	6,535,478	6,535,478
Weighted average of own shares	-36,040	-30,000	-36,040	-30,000
Weighted average of shares excluding own shares	6,499,438	6,505,478	6,499,438	6,505,478

Earnings per share

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Net profit or loss from going concern	37,506	37,888	20,793	34,371
Weighted average number of ordinary shares for earnings per share	6,499,438	6,505,478	6,499,438	6,505,478
Earnings per share	5.77	5.82	3.20	5.28

16. INTANGIBLE ASSETS

Concessions refer to the right to use the GSM, UMTS and LTE frequency spectrum on the territory of the Republic of Slovenia, and GSM in Kosovo in the total amount of EUR 100,738 thousand [31 Dec 2021: EUR 109,392 thousand]. Under concessions and licences, the Group also discloses programme rights and licences for use of computer software. Details on individual concessions are disclosed in Note 46 in the table Concessions for mobile phone services.

Goodwill of EUR 3,718 thousand in the Telekom Slovenije Group occurred during the takeover of companies TSinpo [EUR 115 thousand] in 2017 and the takeover and acquisition of the company Debitel in 2015 [EUR 3,603 thousand].

At the end of 2022, the Group and the company made an assessment of the recoverable amount of goodwill occurring in the acquisition of the company Debitel. The valuation was conducted by a certified business appraiser. The present value method of expected cash flows for a 3-year period was used for the recoverable amount assessment of non-current assets of the Debitel cash generating unit [CGU]. It was established that the recoverable amount of the non-current assets of the cash-generating unit Debitel represents the value in use. The discount rate applied in the projection was 10% and the assessed long-term growth rate was 2%. The book value exceeds the recoverable amount, thus requiring no impairment of goodwill.

TELEKOM SLOVENIJE GROUP

Changes in intangible assets of the Telekom Slovenije Group in 2022

in EUR thousand	Goodwill	Concessions and licences	Cost of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2022	49,737	430,342	20,518	303,079	67,366	12,795	883,837
Increases	0	20,031	0	0	2	34,959	54,992
Fixed assets generated in the Group	0	0	0	0	0	1,558	1,558
Transfer into use	0	9,747	7,785	18,264	252	-36,048	0
Disposals	0	-38,442	-7,161	-67,434	0	-2	-113,039
Other transfers*	0	0	0	43	0	0	43
Balance as at 31 Dec 2022	49,737	421,678	21,142	253,952	67,620	13,262	827,391
Impairment							
Balance as at 1 January 2022	46,019	292,001	10,088	266,959	48,387	267	663,721
Disposals	0	-38,442	-7,161	-67,432	0	0	-113,035
Other transfers*	0	0	0	-4	0	0	-4
Depreciation/Amortisation	0	39,932	7,340	23,144	1,941	0	72,357
Balance as at 31 Dec 2022	46,019	293,491	10,267	222,667	50,328	267	623,039
Carrying amount							
Balance as at 1 January 2022	3,718	138,341	10,430	36,120	18,979	12,528	220,116
Balance as at 31 Dec 2022	3,718	128,187	10,875	31,285	17,292	12,995	204,352

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.



Changes in intangible assets of the Telekom Slovenije Group in 2021

in EUR thousand	Goodwill	Concessions and licences	Cost of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2021	107,654	364,567	20,900	279,791	67,161	15,520	855,593
Increases	0	0	0	8	3	102,332	102,343
Assets generated in the Group	0	0	0	0	0	1,931	1,931
Transfer into use	0	69,595	7,182	29,457	229	-106,463	0
Disposals	-57,917	-6,517	-7,564	-6,662	-27	-7	-78,694
Other transfers*	0	2,697	0	485	0	-518	2,664
Balance as at 31 Dec 2021	49,737	430,342	20,518	303,079	67,366	12,795	883,837
Impairment							
Balance as at 1 January 2021	103,936	255,792	10,454	249,041	46,070	267	665,560
Disposals	-57,917	-3,939	-7,564	-6,095	-27	0	-75,542
Other transfers*	0	353	0	594	0	0	947
Depreciation/Amortisation	0	39,795	7,198	23,419	2,344	0	72,756
Balance as at 31 Dec 2021	46,019	292,001	10,088	266,959	48,387	267	663,721
Carrying amount							
Balance as at 1 January 2021	3,718	108,775	10,446	30,750	21,091	15,253	190,033
Balance as at 31 Dec 2021	3,718	138,341	10,430	36,120	18,979	12,528	220,116

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.

Significant increases in intangible assets relate to the purchase and development of software and the allocation of radio frequencies for the provision of public communication services to end users.

As at 31 December 2022, the Group disclosed contractual commitments for intangible assets in the amount of EUR 4,411 thousand [31 December 2021: EUR 8,056 thousand] which relate to the set-up of computer systems and to software licences.

THE COMPANY TELEKOM SLOVENIJE

Changes in intangible assets of the company Telekom Slovenije in 2022

in EUR thousand	Goodwill	Concessions and licences	Cost of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2022	3,602	288,174	20,518	289,120	19,100	12,480	632,994
Increases	0	0	0	0	0	33,239	33,239
Assets generated in the company	0	0	0	0	0	1,202	1,202
Transfer into use	0	8,712	7,785	17,447	252	-34,196	0
Disposals	0	-14,627	-7,161	-66,320	0	-2	-88,110
Other transfers*	0	0	0	42	0	0	42
Balance as at 31 Dec 2022	3,602	282,259	21,142	240,289	19,352	12,723	579,367
Impairment							
Balance as at 1 January 2022	0	175,120	10,088	251,371	16,164	0	452,743
Disposals	0	-14,628	-7,161	-66,318	0	0	-88,107
Other transfers*	0	0	0	-5	0	0	-5
Depreciation/Amortisation	0	29,820	7,340	21,932	385	0	59,477
Balance as at 31 Dec 2022	0	190,312	10,267	206,980	16,549	0	424,108
Carrying amount							
Balance as at 1 January 2022	3,602	113,054	10,430	37,749	2,936	12,480	180,251
Balance as at 31 Dec 2022	3,602	91,947	10,875	33,309	2,803	12,723	155,259

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.



Changes in intangible assets of the company Telekom Slovenije in 2021

in EUR thousand	Goodwill	Concessions and licences	Cost of obtaining contracts with customers	Computer software	Other intangible assets	Intangible assets under construction	Total
Cost							
Balance as at 1 January 2021	3,602	224,008	20,900	267,480	18,893	14,543	549,426
Increases	0	0	0	0	0	99,109	99,109
Assets generated in the company	0	0	0	0	0	1,564	1,564
Transfer into use	0	67,898	7,182	27,443	207	-102,730	0
Disposals	0	-3,962	-7,564	-6,289	0	-5	-17,820
Other transfers*	0	230	0	486	0	-1	714
Balance as at 31 Dec 2021	3,602	288,174	20,518	289,120	19,100	12,480	632,994
Impairment							
Balance as at 1 January 2021	0	147,865	10,454	234,282	15,374	0	407,975
Disposals	0	-3,937	-7,564	-5,722	0	0	-17,223
Other transfers*	0	96	0	594	0	0	690
Depreciation/Amortisation	0	31,096	7,198	22,217	790	0	61,301
Balance as at 31 Dec 2021	0	175,120	10,088	251,371	16,164	0	452,743
Carrying amount							
Balance as at 1 January 2021	3,602	76,143	10,446	33,198	3,519	14,543	141,451
Balance as at 31 Dec 2021	3,602	113,054	10,430	37,749	2,936	12,480	180,251

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.

The Group companies have unlimited property rights on intangible assets, which are free of encumbrances.

As at 31 December 2022, the company disclosed contractual commitments for intangible assets in the amount of EUR 5,565 thousand [31 December 2021: EUR 9,280 thousand] which relate to the set-up of computer systems and to software licences.

As capitalised non-current deferred costs of development, the Group and the company disclose internal and external project development or development activities or activities that meet the criteria for intangible asset recognition. Key to the assessment are professional feasibility of the project, the purpose of completion and the ability to use or sell and thus generate future economic benefits. Development projects are strategic projects that are

planned in advance and provided with sufficient technical, financial and human resources that are key for the completion of the project, and the results of these projects are significantly improved products, processes, systems or services before use.

Non-current deferred costs of development as at 31 December 2021 amount to EUR 7,376 thousand for the Telekom Slovenije Group and EUR 6,577 thousand for the company Telekom Slovenije, and mostly relate to the development of computer software. The useful lives for non-current deferred costs of development are finite and follow the estimated useful lives of intangible assets with annual amortization on a straight-line basis. The balance of non-current deferred costs of development is a deductible item in the calculation of accumulated profit.

Changes in non-current deferred costs of development of the Telekom Slovenije Group in 2022

in EUR thousand	Computer software Own work - development	Other intangible non-current assets Own work - development	Computer software External - development	Other intangible non-current assets External - development	Ongoing investments	Total
Cost						
Balance as at 1 January 2022	10,101	4	38,368	318	773	49,564
Increases - external development	0	0	1	0	1,248	1,249
Increases - own development	0	0	0	0	390	390
Transfer from assets under construction	167	0	1,299	0	-1,466	0
Disposals	-7	0	-34	0	0	-41
Balance as at 31 Dec 2022	10,261	4	39,634	318	945	51,162
Impairment						
Balance as at 1 January 2022	9,146	4	29,262	96	0	38,508
Disposals	-8	0	-33	0	0	-41
Depreciation/Amortisation	523	0	4,780	16	0	5,319
Balance as at 31 Dec 2022	9,662	4	34,009	112	0	43,786
Carrying amount						
Balance as at 1 January 2022	955	0	9,106	222	773	11,056
Balance as at 31 Dec 2022	599	0	5,625	206	945	7,376

Changes in non-current deferred costs of development of the Telekom Slovenije Group in 2021

in EUR thousand	Computer software Own work - development	Other intangible non-current assets Own work - development	Computer software External - development	Other intangible non-current assets External - development	Ongoing investments	Total
Cost						
Balance as at 1 January 2021	10,477	4	34,694	318	3,488	48,981
Increases - external development	0	0	0	0	1,445	1,445
Increases - own development	0	0	0	0	368	368
Transfer from assets under construction	469	0	4,054	0	-4,523	0
Disposals	-845	0	-380	0	-5	-1,230
Balance as at 31 Dec 2021	10,101	4	38,368	318	773	49,564
Impairment						
Balance as at 1 January 2021	8,807	3	24,066	80	0	32,956
Disposals	-682	0	-246	0	0	-928
Depreciation/Amortisation	1,021	1	5,442	16	0	6,480
Balance as at 31 Dec 2021	9,146	4	29,262	96	0	38,508
Carrying amount						
Balance as at 1 January 2021	1,670	1	10,628	238	3,488	16,025
Balance as at 31 Dec 2021	955	0	9,106	222	773	11,056



Changes in non-current deferred costs of development of the Company Telekom Slovenije in 2022

in EUR thousand	Computer software Own work - development	Other intangible non-current assets Own work - development	Computer software External - development	Other intangible non-current assets External - development	Ongoing investments	Total
Cost						
Balance as at 1 January 2022	7,992	4	36,625	318	513	45,452
Increases - external development	0	0	0	0	1,173	1,173
Increases - own development	0	0	0	0	157	157
Transfer from assets under construction	131	0	1,191	0	-1,322	0
Disposals	-7	0	-34	0	0	-41
Balance as at 31 Dec 2022	8,116	4	37,782	318	521	46,741
Impairment						
Balance as at 1 January 2022	7,367	4	27,675	96	0	35,142
Disposals	-7	0	-34	0	0	-41
Depreciation/Amortisation	400	0	4,647	16	0	5,063
Balance as at 31 Dec 2022	7,760	4	32,288	112	0	40,164
Carrying amount						
Balance as at 1 January 2022	625	0	8,950	222	513	10,310
Balance as at 31 Dec 2022	356	0	5,495	206	521	6,577

Changes in non-current deferred costs of development of the Company Telekom Slovenije in 2021

in EUR thousand	Computer software Own work - development	Other intangible non-current assets Own work - development	Computer software External - development	Other intangible non-current assets External - development	Ongoing investments	Total
Cost						
Balance as at 1 January 2021	8,639	4	33,055	318	3,190	45,206
Increases - external development	0	0	0	0	1,340	1,340
Increases - own development	0	0	0	0	136	136
Transfer from assets under construction	198	0	3,950	0	-4,148	0
Disposals	-845	0	-380	0	-5	-1,230
Balance as at 31 Dec 2021	7,992	4	36,625	318	513	45,452
Impairment						
Balance as at 1 January 2021	7,121	3	22,625	80	0	29,829
Disposals	-681	0	-246	0	0	-927
Depreciation/Amortisation	927	1	5,296	16	0	6,240
Balance as at 31 Dec 2021	7,367	4	27,675	96	0	35,142
Carrying amount						
Balance as at 1 January 2021	1,518	1	10,430	238	3,190	15,377
Balance as at 31 Dec 2021	625	0	8,950	222	513	10,310

17. PROPERTY, PLANT AND EQUIPMENT

Significant increases in property, plant and equipment in use refer in 2022 mostly to the construction and upgrade of cable network and obtainment of cable lines, telecommunications and other equipment. The item of other equipment comprises modems, set-up boxes, other equipment at clients, furniture, cars and other equipment.

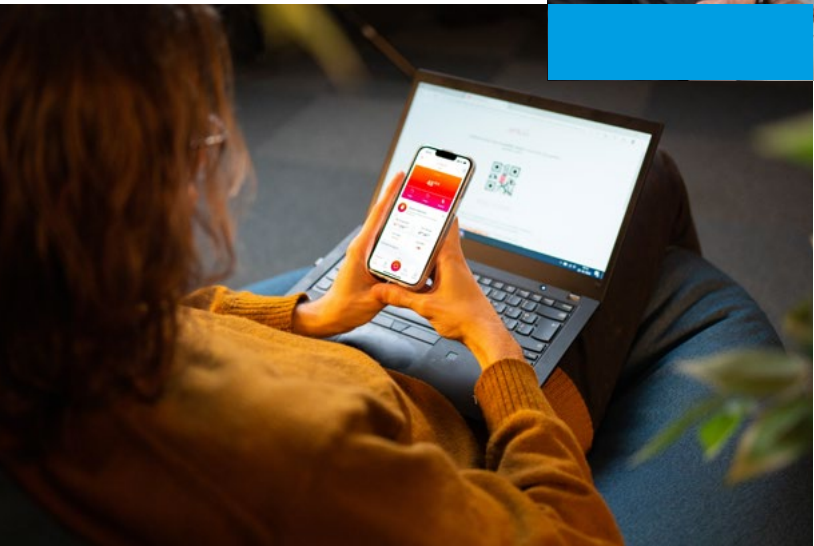
Fixed assets generated in the Group and the Company relate to services rendered for the Group and the Company and mostly refer to the set-up of base stations, air-conditioners, electrical power devices and terminal equipment at clients.

Borrowing costs that may be directly attributed to the acquisition, construction, or production of a qualifying asset are included in the cost of that asset. Borrowing costs related to the acquisition and construction of the assets are capitalised if they are related to the acquisition of a material asset, the construction of which would require more than 12 months. In 2022, more than 86% of investments were completed within less than 12 months, including in the cable network construction segment, as these were mainly upgrades to existing networks. In 2022, the Group and the Company utilised a purpose-specific loan for the acquisition or construction of optic network assets. The Company recorded the costs of taking out a special-purpose loan for the construction of the optical network, i.e., the amount of interest from the drawing of the loan, as an increase in investments for the construction of an optical network in the total amount of EUR 329 thousand. In 2022, the Group and the Company classified the costs of taking out non-purpose loans as costs for the period.

TELEKOM SLOVENIJE GROUP

Contractual commitments for property, plant and equipment as at 31 December 2022 amounted to EUR 5,938 thousand [31 Dec 2021: EUR 5,159 thousand] and mostly refer to the set-up of telecommunications network.

Based on the Report on valuation of non-current assets of Soline, dated 30 November 2022, prepared by a certified business appraiser, the Group impaired assets in Terme Lepa Vida in the amount of EUR 372 thousand.





Changes in property, plant and equipment of the Telekom Slovenije Group in 2022

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 January 2022	490,082	1,190,292	88,832	315,485	385,390	40,823	268	2,511,172
Difference from the translation to the presentation currency	0	2	0	0	0	0	0	2
Increases	104	2,907	0	0	1,205	78,396	-185	82,427
Fixed assets generated in the Group	0	0	0	0	0	15,565	0	15,565
Transfer into use	29,243	28,475	1,260	12,520	35,409	-106,907	0	0
Disposals	-1,354	-2,319	-5,212	-27,461	-66,582	-302	0	-103,230
Other transfers*	13	-81	10	-6	-21	-84	-22	-191
Balance as at 31 Dec 2022	518,088	1,219,276	84,890	300,538	355,401	27,491	61	2,505,745
Impairment								
Balance as at 1 January 2022	216,747	951,360	82,613	266,825	315,178	11,390	0	1,844,113
Difference from the translation to the presentation currency	0	1	0	0	1	0	0	2
Increases	0	0	0	0	10	0	0	10
Disposals	-489	-2,057	-5,197	-27,387	-63,551	0	0	-98,681
Depreciation/Amortisation	13,152	22,408	2,029	13,820	29,452	0	0	80,861
Other transfers*	5	-42	36	-6	-54	0	0	-61
Balance as at 31 Dec 2022	229,415	971,670	79,481	253,252	281,036	11,390	0	1,826,244
Carrying amount								
Balance as at 1 January 2022	273,335	238,932	6,219	48,660	70,212	29,433	268	667,059
Balance as at 31 Dec 2022	288,673	247,606	5,409	47,286	74,365	16,101	61	679,501

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.

Changes in property, plant and equipment of the Telekom Slovenije Group in 2021

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 January 2021	479,628	1,166,201	105,528	326,580	382,369	36,402	111	2,496,819
Difference from the translation to the presentation currency	0	5	0	0	11	0	0	16
Increases	128	329	0	0	1,516	79,536	157	81,666
Fixed assets generated in the Group	0	0	0	0	0	15,889	0	15,889
Transfer into use	20,166	25,132	1,835	11,674	32,219	-91,026	0	0
Disposals	-9,844	-1,375	-17,620	-22,907	-30,779	-495	0	-83,020
Other transfers*	4	0	-911	138	54	517	0	-198
Balance as at 31 Dec 2021	490,082	1,190,292	88,832	315,485	385,390	40,823	268	2,511,172
Impairment								
Balance as at 1 January 2021	206,279	930,137	97,239	275,918	311,212	11,390	0	1,832,175
Difference from the translation to the presentation currency	0	2	0	0	2	0	0	4
Increases	3	0	0	0	6	0	0	9
Disposals	-2,369	-1,360	-17,603	-22,783	-26,957	0	0	-71,072
Depreciation/Amortisation	12,833	22,581	3,694	13,690	30,889	0	0	83,687
Other transfers*	1	0	-717	0	26	0	0	-690
Balance as at 31 Dec 2021	216,747	951,360	82,613	266,825	315,178	11,390	0	1,844,113
Carrying amount								
Balance as at 1 January 2021	273,349	236,064	8,289	50,662	71,157	25,012	111	664,644
Balance as at 31 Dec 2021	273,335	238,932	6,219	48,660	70,212	29,433	268	667,059

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.



Of total assets, the Telekom Slovenije Group let assets in the [carrying] amount:

In 2022

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
	7,786	0	0	0	88	0	0	7,874

In 2021

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
	8,483	0	0	0	217	0	0	8,700

THE COMPANY TELEKOM SLOVENIJE

As at 31 December 2022, the Company disclosed contractual commitments for property, plant and equipment in the amount of EUR 16,450 thousand (31 Dec 2021: EUR 16,526 thousand), which relate to network construction, purchase of telecommunications equipment, acquisition and construction of real estate, and purchase of hardware and other equipment.

Changes in property, plant and equipment of the company Telekom Slovenije in 2022

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Total
Cost							
Balance as at 1 January 2022	460,462	1,115,166	87,656	204,955	364,922	44,080	2,277,241
Increases	0	0	0	0	0	67,136	67,136
Fixed assets generated in the Company	0	0	0	0	0	4,313	4,313
Transfer into use	29,198	25,571	1,212	6,435	32,270	-94,686	0
Disposals	-974	-1,309	-5,212	-25,913	-59,709	-302	-93,419
Other transfers*	13	-82	9	-5	22	0	-43
Balance as at 31 Dec 2022	488,699	1,139,346	83,665	185,472	337,505	20,541	2,255,228
Impairment							
Balance as at 1 January 2022	208,124	904,603	81,397	177,141	301,265	0	1,672,530
Increases	0	0	0	0	8	0	8
Disposals	-522	-1,139	-5,197	-25,841	-56,829	0	-89,528
Depreciation/Amortisation	12,624	18,139	2,025	8,202	26,293	0	67,283
Other transfers*	5	-42	34	-5	11	0	3
Balance as at 31 Dec 2022	220,231	921,561	78,259	159,497	270,748	0	1,650,296
Carrying amount							
Balance as at 1 January 2022	252,338	210,563	6,259	27,814	63,657	44,080	604,711
Balance as at 31 Dec 2022	268,468	217,785	5,406	25,975	66,757	20,541	604,932

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.

Changes in property, plant and equipment of the company Telekom Slovenije in 2021

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
Cost								
Balance as at 1 January 2021	450,523	1,092,744	104,352	213,758	363,176	40,956		2,265,509
Increases	0	0	0	0	0	79,549		79,549
Fixed assets generated in the Company	0	0	0	0	0	4,547		4,547
Transfer into use	19,779	22,422	1,835	8,183	28,729	-80,948		0
Disposals	-9,844	0	-17,620	-17,124	-27,037	-24		-71,649
Other transfers*	4	0	-911	138	54	0		-715
Balance as at 31 Dec 2021	460,462	1,115,166	87,656	204,955	364,922	44,080		2,277,241
Impairment								
Balance as at 1 January 2021	198,208	886,373	96,024	185,733	298,639	0		1,664,977
Increases	3	0	0	0	0	0		3
Disposals	-2,369	0	-17,603	-17,065	-24,231	0		-61,268
Depreciation/Amortisation	12,281	18,230	3,692	8,473	26,830	0		69,506
Other transfers*	1	0	-716	0	27	0		-688
Balance as at 31 Dec 2021	208,124	904,603	81,397	177,141	301,265	0		1,672,530
Carrying amount								
Balance as at 1 January 2021	252,315	206,371	8,328	28,025	64,537	40,956		600,532
Balance as at 31 Dec 2021	252,338	210,563	6,259	27,814	63,657	44,080		604,711

* Other transfers include transfers between intangible assets and property, plant and equipment, transfers among groups of assets.

The Company and the Group have unlimited property rights on property, plant and equipment, which are free of encumbrances.

Of total assets, the company Telekom Slovenije let assets in the [carrying] amount:

In 2022

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
	6,985	0	0	0	9	0	0	6,994

In 2021

in EUR thousand	Land, buildings, and cable lines	Cable networks	Telephone exchanges	Mobile network equipment	Other equipment	Assets under construction	Other	Total
	12,448	0	0	0	70	0	0	12,518



18. RIGHT-OF-USE ASSETS

The Group and the Company have concluded lease contracts for various assets, such as base stations, premises, lines, vehicles and other. Typically, the term of lease contracts is 10–15 years.

Changes in right-of-use assets of the Telekom Slovenije Group in 2022

in EUR thousand	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
Cost							
Balance as at 1 January 2022	65,619	8,507	9,243	2,257	20,557	3,846	110,029
Difference from the translation to the presentation currency	0	0	0	0	-2	0	-2
Contract modifications	5,986	392	592	-14	3,955	88	10,999
Transfer to use - new contracts	3,919	204	356	1,098	-2,172	290	3,695
Disposals	-1,488	-175	-472	-654	-109	0	-2,898
Other transfers	0	1	0	0	17	0	18
Balance as at 31 Dec 2022	74,036	8,929	9,719	2,687	22,246	4,224	121,841
Impairment							
Balance as at 1 January 2022	21,501	2,533	4,641	1,310	4,739	1,335	36,059
Disposals	-1,268	-89	-258	-652	-109	0	-2,376
Impairment	0	0	0	0	0	0	0
Depreciation/Amortisation	7,515	893	1,540	562	1,724	494	12,728
Other transfers	0	0	0	0	11	0	11
Balance as at 31 Dec 2022	27,748	3,337	5,923	1,220	6,365	1,829	46,422
Carrying amount							
Balance as at 1 January 2022	44,118	5,974	4,602	947	15,818	2,511	73,970
Balance as at 31 Dec 2022	46,288	5,592	3,796	1,467	15,881	2,395	75,419

Changes in right-of-use assets of the Telekom Slovenije Group in 2021

in EUR thousand	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
Cost							
Balance as at 1 January 2021	60,304	8,421	8,877	2,587	18,826	2,354	101,369
Difference from the translation to the presentation currency	0	0	9	0	0	0	9
Contract modifications	1,193	84	439	-1	-8	671	2,378
Transfer to use - new contracts	4,307	383	16	173	1,807	143	6,829
Disposals	-185	-315	-94	-502	-68	-9	-1,173
Other transfers	0	-66	-4	0	0	687	617
Balance as at 31 Dec 2021	65,619	8,507	9,243	2,257	20,557	3,846	110,029
Impairment							
Balance as at 1 January 2021	14,272	1,765	3,123	1,185	3,053	551	23,949
Disposals	-89	-84	-48	-478	-3	0	-702
Depreciation/Amortisation	7,318	881	1,568	603	1,689	491	12,550
Other transfers	0	-29	-2	0	0	293	262
Balance as at 31 Dec 2021	21,501	2,533	4,641	1,310	4,739	1,335	36,059
Carrying amount							
Balance as at 1 January 2021	46,032	6,656	5,754	1,402	15,773	1,803	77,420
Balance as at 31 Dec 2021	44,118	5,974	4,602	947	15,818	2,511	73,970



Changes in right-of-use assets of the company Telekom Slovenije in 2022

	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
in EUR thousand							
Cost							
Balance as at 1 January 2022	58,640	7,678	3,785	2,054	40,163	645	112,965
Contract modifications	-485	322	41	-13	3,780	-12	3,633
Transfer to use - new contracts	3,919	164	339	1,039	627	0	6,088
Disposals	-1,379	-170	-111	-624	-109	0	-2,393
Balance as at 31 Dec 2022	60,695	7,994	4,054	2,456	44,461	633	120,293
Impairment							
Balance as at 1 January 2022	16,933	2,188	1,638	1,163	10,054	321	32,298
Disposals	-1,170	-85	-110	-624	-110	0	-2,099
Depreciation/Amortisation	6,119	781	572	524	3,815	157	11,968
Balance as at 31 Dec 2022	21,882	2,884	2,100	1,063	13,759	478	42,167
Carrying amount							
Balance as at 1 January 2022	41,706	5,490	2,147	891	30,109	324	80,667
Balance as at 31 Dec 2022	38,813	5,110	1,954	1,393	30,702	155	78,126

Changes in right-of-use assets of the company Telekom Slovenije in 2021

	Base stations – easement and lease	Technological premises – easement and lease	Lease of business premises and land	Vehicles	Lease of lines	Other	Total
in EUR thousand							
Cost							
Balance as at 1 January 2021	54,081	7,824	3,884	2,352	39,285	661	108,088
Contract modifications	368	22	-10	-5	-861	-16	-502
Transfer to use - new contracts	4,307	99	0	173	1,807	0	6,385
Disposals	-116	-267	-89	-466	-68	0	-1,006
Balance as at 31 Dec 2021	58,640	7,678	3,785	2,054	40,163	645	112,965
Impairment							
Balance as at 1 January 2021	11,208	1,491	1,128	1,055	6,543	156	21,581
Disposals	-37	-43	-44	-442	-3	0	-569
Depreciation/Amortisation	5,762	740	554	550	3,514	165	11,286
Balance as at 31 Dec 2021	16,933	2,188	1,638	1,163	10,054	321	32,298
Carrying amount							
Balance as at 1 January 2021	42,872	6,333	2,756	1,298	32,742	505	86,506
Balance as at 31 Dec 2021	41,706	5,490	2,147	891	30,109	324	80,667

The amounts recognised in the statement of profit or loss

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	2022	2021	2022	2021
Depreciation costs of the right-of-use assets	12,728	12,550	11,968	11,286
Interest expenses from lease liabilities	2,122	2,214	2,072	2,227
Expenses related to variable lease payments not included in the measuring of lease liabilities	73	154	33	35
Total	14,923	14,918	14,073	13,548

19. INVESTMENTS IN SUBSIDIARIES

Telekom Slovenije holds a 100% interest in the following subsidiaries, the value of which, as at 31 December 2022, amounts to:

in EUR thousand	31 Dec 2021	Increase	Impairment	31 Dec 2022
GVO	5,758	0	0	5,758
Avtenta	1,323	0	0	1,323
TSmedia	3,760	0	-300	3,460
Ipko	20,730	0	0	20,730
Soline	147	1,000	-256	891
SIOL Zagreb	501	0	0	501
SIOL Podgorica	2,620	0	0	2,620
SIOL Sarajevo	1,710	0	0	1,710
SIOL Skopje	1,005	0	0	1,005
SIOL Beograd	100	0	0	100
TSinpo	419	0	0	419
Institution Ustanova Srčni sklad	3	0	0	3
SIOL Prishtina	200	0	0	200
Investments in subsidiaries	38,276	1,000	-556	38,720

In 2022, the Company recapitalized the company Soline in the amount of EUR 1,000 thousand.

For 2022, based on checking for signs of impairment, the Company opted to assess the recoverable amount for its subsidiaries TSmedia, TSinpo, Ipko, Soline, Siol Zagreb, Siol Priština, and Siol Sarajevo. The recoverable amounts of individual companies were assessed by a certified business appraiser.



TSMEDIA

The recoverable amount of the 100% share capital in TSmedia for the purpose of financial reporting amounts to EUR 3,460 thousand. During the value assessment, the present value method of expected free cash flows for a three-year period based on actual plans was used, excluding indebtedness. The recoverable amount equals fair value less the costs of sale. The discount rate applied in the projection was 11.35% and the assessed long-term growth rate was 2.50%. Based on the valuation, the Company impaired the investment in TSmedia in the amount of EUR 300 thousand [Note 12].

Sensitivity analysis - change in NPV of equity in kEUR		
Impact of change in assumption Growth / WACC	-1%	+1%
-1%	3,579	4,403
+1%	2,858	3,340

SOLINE

The recoverable amount of the 100% share capital in Soline for the purpose of financial reporting equals EUR 891 thousand. During the value-in-use assessment, the present value method of expected free cash flows for a three-year period based on actual plans was used, excluding indebtedness. The discount rate applied in the projection was 15.65% and the assessed long-term growth rate was 2.0%. Based on the valuation, the Company impaired the investment in Soline in the amount of EUR 256 thousand [Note 12].

Sensitivity analysis - change in NPV of equity in kEUR		
Impact of change in assumption Growth / WACC	-1%	+1%
-1%	1,002	1,157
+1%	688	784

For other investments in subsidiaries, the Company did not find any signs of impairment of the investments, but nevertheless opted to assess the recoverable amount for the investments in TSinpo, Ipko, Siol Zagreb, Siol Priština, and Siol Sarajevo. The appraisals showed no need for impairment of investments, as the recoverable amount exceeded the book value.

20. OTHER INVESTMENTS

Non-current investments

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Investments in other shares and interests	2,423	3,241	2,423	3,241
Loans to companies	0	0	46,073	53,950
of which to companies in the Group	0	0	46,073	53,950
Loans to employees	9	44	9	44
Other financial assets	16	7	0	0
Total non-current investments	2,448	3,292	48,505	57,235

Other investments in shares and interests are classified as investments measured at fair value through other comprehensive income. Of the total value of investments, EUR 2,139 thousand (31 Dec 2021: EUR 2,305 thousand) relates to investments which are listed on the stock exchange. Investments are not pledged as collateral and are free of encumbrances.

Due to the negative performance and the reduction in the market value of the portfolio investments owned by the company ABCITI, Družba za investiranje, d.o.o., the Company and the Group fully impaired the financial investment in the 11.94% share capital of ABCITI. The effects of impairments in the amount of EUR 263 thousand are disclosed in the statement of other comprehensive income as fair value reserve for financial instruments [Note 30].

Current investments

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Current loans granted to companies	0	0	11,480	12,139
of which to companies in the Group	0	0	11,480	12,139
Loans to employees	16	38	16	38
Other current financial assets	2	0	0	0
Fair value of interest rate swap	19	0	20	0
Bank deposits	800	702	0	0
Total current investments	837	740	11,516	12,177

In February 2017, an interest rate swap was concluded with the purpose of interest rate hedging, the fair value of which as at 31 December 2022 equalled EUR 19 thousand (31 Dec 2021: EUR 88 thousand recorded under current financial liabilities). Due to the immateriality of the amount of the interest rate swap, the Group and the Company did not prepare any additional disclosures related to risk management.

Loans granted

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Non-current loans granted	9	44	46,083	53,994
Loans granted	0	0	46,074	53,950
Loans to employees	9	44	9	44
Current loans granted	16	38	11,495	12,177
Non-current loan portion falling due in 12 months - loans granted	0	0	24,210	10,985
Non-current loan portion falling due in 12 months - loans to employees	16	38	16	38
Current loans granted and interest	0	0	-12,731	1,154
Current loans granted to employees	0	0	0	0
Closing balance – loans granted	25	82	57,578	66,171

The maturity of current and non-current loans as well as other data are disclosed in Note 45.

The interest rate for loans granted to employees ranges between 4.08% and 6.23%.

At Telekom Slovenije, non-current loans refer entirely to loans to subsidiaries. The interest rate for loans granted to subsidiaries ranges between 0.539% and 3.026%. For more details see Note 45.



21. CONTRACT ASSETS

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Non-current contract assets	3,624	2,854	3,234	2,469
Total non-current assets	3,624	2,854	3,234	2,469

Contract assets arise if a group performs a transfer of goods or services to a customer before the consideration is paid. Buyers of telecommunication goods and services may commit to a certain subscription period [e.g. 24 months] in order to become eligible for discounts on goods and/or services. Due to the reclassification of revenue based on the relative standalone price, the revenues from the sale of goods are recognised sooner, giving rise to contract assets.

Contract assets are impaired in the event that the buyer terminates the contract before expiry. In this case, the contract assets are de-recognised, and impairment is recognised. In 2022, the Group impaired contract assets in the amount of EUR 617 thousand [in 2021: EUR 682 thousand], and the company Telekom Slovenije EUR 609 thousand [in 2021: EUR 677 thousand].

22. DEFERRED COSTS

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Prepaid leases	35	38	20	38
Other non-current assets	3,258	1,021	3,674	1,571
Total other non-current assets	3,293	1,058	3,694	1,608

Other non-current assets represent the balance of non-current deferred costs of license maintenance and similar costs.

23. INVESTMENT PROPERTY

Movement of investment property in 2022

in EUR thousand	Telekom Slovenije Group			The Company Telekom Slovenije		
	Land	Buildings	Total	Land	Buildings	Total
Cost						
Balance as at 1 January 2022	1,986	6,305	8,291	4,958	6,431	11,389
Increases	0	22	22	0	126	126
Disposals	0	-116	-116	0	-157	-157
Balance as at 31 Dec 2022	1,986	6,211	8,197	4,958	6,400	11,358
Impairment						
Balance as at 1 January 2022	1,689	2,057	3,746	1,689	2,059	3,748
Depreciation/Amortisation	0	147	147	0	153	152
Balance as at 31 Dec 2022	1,689	2,204	3,893	1,689	2,212	3,901
Carrying amount						
Balance as at 1 January 2022	297	4,248	4,545	3,269	4,372	7,641
Balance as at 31 Dec 2022	297	4,007	4,304	3,269	4,188	7,457

Movement of investment property in 2021

in EUR thousand	Telekom Slovenije Group			The Company Telekom Slovenije		
	Land	Buildings	Total	Land	Buildings	Total
Cost						
Balance as at 1 January 2021	1,924	2,149	4,073	4,896	2,149	7,045
Increases	62	4,156	4,218	62	4,282	4,344
Balance as at 31 Dec 2021	1,986	6,305	8,291	4,958	6,431	11,389
Impairment						
Balance as at 1 January 2021	1,689	1,126	2,815	1,689	1,126	2,815
Increases	0	850	850	0	851	851
Depreciation/Amortisation	0	81	81	0	82	82
Balance as at 31 Dec 2021	1,689	2,057	3,746	1,689	2,059	3,748
Carrying amount						
Balance as at 1 January 2021	235	1,023	1,258	3,207	1,023	4,230
Balance as at 31 Dec 2021	297	4,248	4,545	3,269	4,372	7,641

The Group and the Company carry investment property at cost less accumulated depreciation and impairment losses. Fair value of investment property is presented in Note 40.

As at 31 December 2022, Telekom Slovenije Group disclosed land, landscaping and the Tisa Hotel building on Pohorje in the amount of EUR 839 thousand [in 2021: EUR 980 thousand] among its investment property, land and the building on Vilharjeva Ulica in Ljubljana in the amount of EUR 3,269 thousand [in 2021: EUR 3,346 thousand], as well as land and the building Rakovnik in the amount of EUR 196 thousand [in 2021: EUR 219 thousand].

Among its investment property, Telekom Slovenije additionally discloses land and a building at the Sečovlje saltpans amounting to EUR 3,153 thousand [in 2021: EUR 3,096 thousand] and, as at 31 December 2022, holds investment property in the total amount of EUR 7,457 thousand.

The decrease in investment property is entirely related to the impairment of buildings.

Revenue generated on investment property in 2022 is recognised in the Group’s profit or loss in the amount of EUR 372 thousand [2021: EUR 360 thousand].

The Group and the Company do not have any limited title to investment property, nor are investments subject to encumbrance.



24. ASSETS HELD FOR SALE

As at 31 December 2022, assets held for sale include the value of land and buildings that the Group companies will no longer use for business purposes and which the companies’ managements decided to sell; the sale is planned and expected within the next 12 months.

	Telekom Slovenije Group	The Company Telekom Slovenije
in EUR thousand	Assets held for sale	Assets held for sale
Balance as at 1 January 2021	214	214
Increases	4,071	4,071
Sale	-3,486	-3,486
Balance as at 31 Dec 2021	799	799
Sale	-3	-3
Balance as at 31 Dec 2022	796	796

25. INVENTORIES

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Material	10,707	11,664	8,804	10,044
Products	664	527	0	0
Merchandise	13,882	10,287	12,898	9,559
Total inventories	25,253	22,478	21,702	19,603

In 2022, the **Telekom Slovenije Group** impaired and wrote off EUR 1,380 thousand of inventories [in 2021: EUR 2,192 thousand].

In 2022, **Telekom Slovenije** wrote off or impaired EUR 1,266 thousand worth of inventories [in 2021: EUR 2,161 thousand].

26. TRADE AND OTHER RECEIVABLES

Under non-current trade receivables, the Group and the Company disclose receivables from the sale of goods with maturity of over one year. Impairments of receivables refer to expected credit losses. Maturity analysis of receivables is presented in Note 45.

TELEKOM SLOVENIJE GROUP

	31 Dec 2022			31 Dec 2021
in EUR thousand	Gross amount	Impairment	Net amount	Net amount
Non-current operating receivables	19,345	-94	19,251	18,300
Total trade and other receivables	19,345	-94	19,251	18,300

Current trade receivables

	31 Dec 2022			31 Dec 2021
in EUR thousand	Gross amount	Impairment	Net amount	Net amount
Trade receivables	137,513	-11,775	125,738	124,484
Trade receivables due from foreign operators	13,724	-1,498	12,226	12,020
Trade receivables due from domestic operators	18,097	-4,607	13,490	11,993
Total trade receivables	169,334	-17,880	151,454	148,497
Paid advances	1,958	0	1,958	824
VAT and other tax receivables	2,954	0	2,954	5,536
Other receivables	1,314	0	1,314	1,087
Total other receivables	6,226	0	6,226	7,447
Total trade and other receivables	175,560	-17,880	157,680	155,944

Trade receivables do not bear interest.

Changes in impairment of receivables

in EUR thousand	31 Dec 2022	31 Dec 2021
Balance as at 1 January	-16,944	-15,968
Impairments for the year	-6,002	-5,373
Reversal of impairments	4,070	3,346
Write-offs	902	1,051
Closing balance	-17,974	-16,944



THE COMPANY TELEKOM SLOVENIJE

	31 Dec 2022			31 Dec 2021
in EUR thousand	Gross amount	Impairment	Net amount	Net amount
Non-current operating receivables	19,340	-94	19,246	18,294
Total trade and other receivables	19,340	-94	19,246	18,294

Current trade receivables

	31 Dec 2022			31 Dec 2021
in EUR thousand	Gross amount	Impairment	Net amount	Net amount
Trade receivables	124,398	-7,542	116,856	116,507
Receivables due from foreign operators	14,331	-1,501	12,830	12,121
Receivables due from domestic operators	20,750	-4,620	16,130	13,464
Total trade receivables	159,479	-13,663	145,816	142,092
Paid advances and warranties	1,832	0	1,832	645
VAT and other tax receivables	2,245	0	2,245	4,739
Other receivables	991	0	991	786
Total other receivables	5,068	0	5,068	6,170
Total trade and other receivables	164,547	-13,663	150,884	148,262

Changes in impairment of receivables

in EUR thousand	31 Dec 2022	31 Dec 2021
Balance as at 1 January	-13,111	-12,532
Impairments for the year	-5,526	-5,244
Reversal of impairments	3,595	3,220
Write-offs	1,285	1,445
Closing balance	-13,757	-13,111

Further information on the ageing structure of receivables according to their age is disclosed in Note 45.

27. CONTRACT ASSETS

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Contract assets from mobile and fixed-line segment	6,225	6,867	6,225	6,868
Other contract assets	9,717	10,396	9,337	10,299
Total current contract assets	15,942	17,263	15,562	17,167

Current contract assets arise mainly from the sale of telecommunication services and goods, where customer contracts comprise the subscription fee and a subsidised service or goods and where customers commit to a 12-month contract period, and accrued revenue – roaming.

28. DEFERRED COSTS

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Deferred costs	4,545	3,766	3,741	3,150
Total deferred assets	4,545	3,766	3,741	3,150

Current deferred costs mainly include prepaid costs of system and license maintenance.

29. CASH AND CASH EQUIVALENTS

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Cash on hand and bank balances	37,382	15,935	19,573	3,754
Total cash and cash equivalents	37,382	15,935	19,573	3,754

To balance short-term liquidity, the Group and the Company have credit lines or revolving loans with banks in the total amount of EUR 69 million and a transaction account overdraft in the amount of EUR 3 million. Credit lines are outlined by the Group in Note 34.

30. EQUITY AND RESERVES

Authorised, issued and fully paid-up **share capital** amounts to EUR 272,721 thousand and is divided into 6,535,478 ordinary registered no-par value shares. Each ordinary no-par value share has the same share and attributable amount in the share capital.

Ownership structure

	31 Dec 2022		31 Dec 2021	
Shareholder	Number of shares	Interest in %	Number of shares	Interest in %
Republic of Slovenia	4,087,569	62.54%	4,087,569	62.54%
Individual shareholders (domestic and foreign)	938,649	14.36%	896,517	13.72%
Foreign legal entities	407,335	6.23%	422,864	6.47%
Kapitalska družba d.d.	365,175	5.59%	365,175	5.59%
Slovenian Sovereign Holding (Slovenski državni holding d.d.) (SSH – SDH)	277,839	4.25%	277,839	4.25%
Domestic financial companies and funds	271,723	4.16%	199,826	3.06%
Domestic legal entities	150,352	2.30%	255,688	3.91%
Treasury shares	36,836	0.56%	30,000	0.46%
Total	6,535,478	100.00%	6,535,478	100.00%

The balances and changes in equity items are presented in the statement of changes in equity. There were no changes in the number of issued shares in 2022.

SHARE PREMIUM

The share premium may be used under the conditions and for the purpose set by the law. As at 31 December 2022, Telekom Slovenije’s share premium amounted to EUR 180,954 thousand, of which EUR 126,135 thousand of share premium arises from the company’s ownership transformation process. Share premium in the amount of EUR 54.821 thousand in substance represent revaluation surpluses. Share premium did not change in 2022.

LEGAL RESERVES

Legal reserves are formed in such amount that the sum of legal reserves and the share premium equals at least 20% of share capital.

In accordance with the Companies Act, the share premium and legal reserves can in their excess amount be used to increase share capital from a company’s assets and to cover losses brought forward, if profit reserves are not simultaneously used for pay-out of profits to shareholders.

TREASURY SHARES

On the basis of the authorisation by the general meeting to acquire its own shares, granted at the 33rd general meeting of shareholders on 18 June 2021, the Company acquired 6,836 shares in 2022, which represents 0.105% of all issued shares. The value of own shares, including costs directly related to the Company’s acquisitions in 2022, amounts to EUR 394 thousand.

As at 31 December 2022, the Company had 36,836 treasury shares, representing 0.56% of all issued shares. The value of treasury shares in the amount of EUR 4,065 thousand is disclosed as equity’s deductible item and is disclosed at the cost value of the purchased treasury shares. Reserves for treasury shares are formed in the same amount in compliance with legal requirements.

The Group and the Company may acquire treasury shares solely in accordance with the provisions of Article 247 of the Companies Act [ZGD-1].

STATUTORY RESERVES

Statutory reserves are used for forming the treasury share reserve, for covering losses, for share capital increases, and for covering diverse operating and other risks. These reserves can be used in accordance with the Articles of Association, namely for the share capital increase, for the coverage of current and brought forward loss if this loss cannot be settled by means of any other sources, and for creating treasury shares if no other funds are available.

OTHER PROFIT RESERVES

When compiling the Annual Report, the Group or the Company may form **other profit reserves** up to 50% of net profit for the year, less amounts used for statutory or legal reserves. Other profit reserves can be used for any purpose in accordance with the law, the Articles of Association, business policy and resolutions adopted by the General Meeting of Shareholders.

RETAINED EARNINGS

Retained earnings include brought-forward retained net earnings from previous years and net earnings for the current year.

Based on the resolution adopted by the General Meeting of Shareholders on 16 June 2022, the accumulated profit for 2021 in the amount of EUR 45,205 thousand was used for dividend pay-out in the amount of EUR 29,244 thousand, i.e., EUR 4.50 gross per share [in 2021, dividends for the year 2020 were paid out in the amount of EUR 29,275 thousand or EUR 4.50 per share]. The remaining part of the accumulated profit in the amount of EUR 15,961 thousand was not allocated and increases the retained net earnings of previous years. Dividends were paid to the shareholders registered in the share register on the cut-off date of 1 August 2022 as stockholders with the right to dividends, and to other parties entitled to dividends.

Determination of accumulated profit of Telekom Slovenije for 2022

	in EUR
Net profit/loss for 2022	20,793,211.93
Retained net profit/loss	26,076,330.56
Decrease in non-current deferred development costs	-6,576,895.94
Total	40,292,646.55

The first version of the Annual Report, in respect of which the auditor issued an independent auditor's report on 17 March 2023, was not approved by the Supervisory Board and as such, the part regarding the proposal for dividend distribution of a profit for the year ended 31 December 2022 was changed. Since the company is expected to receive aid in the total value of EUR 4 million based on the Act on Aid to the Economy to mitigate the consequences of the energy crisis, and if it would pay dividends in 2023 in accordance with the current legislation it would accept the obligation to return this aid, the management board and the supervisory board of the company will propose in the shareholders' meeting that the profit for the year ended 31 December 2022 remains undistributed.

FAIR VALUE RESERVE FOR FINANCIAL INSTRUMENTS

Fair value reserve for financial instruments includes the change in fair value of investments in equity instruments, measured at fair value through other comprehensive income, and the change in fair value of hedging financial instruments.

Fair value reserve for financial instruments is shown in the statement of other comprehensive income.

At the end of 2022 and 2021, the Group and the Company checked for indications of impairment of investments in ABCITI, Družba za investiranje, d.o.o. The effects of valuations and impairments are disclosed in Note 20.

RESERVES FOR ACTUARIAL DEFICITS AND SURPLUSES

Reserve for actuarial deficits and surpluses includes changes in the present value of payables to employees due to changed actuarial assumptions and on the basis of experience-based adjustments. The changes in actuarial deficits and surpluses are shown in the statement of changes in equity.

31. CONTRACT LIABILITIES

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Non-current contract liabilities	740	278	532	191
Contract liabilities - leases	15,880	13,480	15,881	13,480
Contract liabilities - other	452	520	12	81
Total non-current contract liabilities	17,072	14,278	16,425	13,752

Non-current contract liabilities represent the Group’s obligation to either transfer the goods or services to the customer in the future or to refund the consideration received. In both cases, the obligation is measured as the amount of the consideration received from the customer.



32. PROVISIONS

Changes in provisions of the Telekom Slovenije Group in 2022

in EUR thousand	31 Dec 2021	Transfer to current portion	Drawing	Reversal	Formation	Changes in discount rates	31 Dec 2022
Provisions for probable liabilities resulting from legal claims	250	0	0	0	16	0	266
Provisions for jubilee rewards	2,157	0	-167	-2	693	-459	2,222
Provisions for severance payments upon retirement	11,731	0	-121	-3,637	400	114	8,487
Provisions for estimated costs of the removal of receiving-transmitting stations	3,956	0	-31	1	99	-1,441	2,584
Other provisions	4,701	-75	-796	-12	2,617	0	6,435
Provisions for restructuring	268	0	-199	-70	1,227	0	1,226
Total provisions	23,063	-75	-1,314	-3,720	5,052	-1,786	21,220

Changes in provisions of the Telekom Slovenije Group in 2021

in EUR thousand	31 Dec 2020	Transfer from current portion	Drawing	Reversal	Formation	Changes in discount rates	31 Dec 2021
Provisions for probable liabilities resulting from legal claims	251	0	0	-1	0	0	250
Provisions for jubilee rewards	2,351	0	-167	-5	65	-87	2,157
Provisions for severance payments upon retirement	12,052	0	-63	-964	651	55	11,731
Provisions for estimated costs of the removal of receiving-transmitting stations	4,232	0	-24	-15	74	-311	3,956
Other provisions	1,248	3,988	-528	-638	631	0	4,701
Provisions for restructuring	273	0	-273	0	268	0	268
Total provisions	20,407	3,988	-1,055	-1,623	1,689	-343	23,063

Changes in provisions of the company Telekom Slovenije in 2022

in EUR thousand	31 Dec 2021	Drawing	Reversal	Formation	Changes in discount rates	31 Dec 2022
Provisions for jubilee rewards	1,719	-133	0	558	-374	1,770
Provisions for severance payments upon retirement	9,608	-54	-3,119	329	94	6,858
Provisions for estimated costs of the removal of receiving-transmitting stations	3,956	-31	1	99	-1,440	2,585
Other provisions	4,278	-312	0	1,954	0	5,920
Provisions for restructuring	0	0	0	792	0	792
Total provisions	19,561	-530	-3,118	3,732	-1,720	17,925

Changes in provisions of the company Telekom Slovenije in 2021

in EUR thousand	31 Dec 2020	Transfer from/to current portion	Drawing	Reversal	Formation	Changes in discount rates	31 Dec 2021
Provisions for jubilee rewards	1,897	0	-139	0	33	-72	1,719
Provisions for severance payments upon retirement	10,050	0	-45	-869	426	46	9,608
Provisions for estimated costs of the removal of receiving-transmitting stations	4,232	0	-24	-15	74	-311	3,956
Other provisions	5	4,274	-28	0	27	0	4,278
Total provisions	16,184	4,274	-236	-884	560	-337	19,561

PROVISIONS FOR PROBABLE LIABILITIES RESULTING FROM LEGAL CLAIMS

Provisions for liabilities from probable legal claims are formed on the basis of the estimated outcome of actions, conducted with a high level of prudence. Maturity date of the liability cannot be determined. Legal claims in relation to which provisions in the amount of EUR 250 thousand were formed are at various stages. The Telekom Slovenije Group was primarily successful in cases definitively concluded up to this date, which it also publishes promptly in accordance with the rules of the Stock Exchange.

In 2022 and 2021, the Telekom Slovenije Group and the Company Telekom Slovenije did not draw or establish significant provisions for probable liabilities resulting from legal claims.

Total damages claimed in pending legal claims brought against the Telekom Slovenije Group companies amount to EUR 188,105 thousand [in 2021: EUR 127,766 thousand]. Total damages claimed in pending legal claims brought against the company Telekom Slovenije amount to EUR 185,365 thousand [in 2021: EUR 125,326 thousand]. More details in Note 41.



PROVISIONS FOR SEVERANCE PAYS AND JUBILEE REWARDS

Provisions for severance pays and jubilee rewards are based on actuarial calculations.

in EUR thousand	Telekom Slovenije Group			The Company Telekom Slovenije		
	Provisions for jubilee rewards	Provisions for severance pays	Total	Provisions for jubilee rewards	Provisions for severance pays	Total
Provisions as at 1 Jan 2021	2,350	12,053	14,403	1,897	10,050	11,947
Interest cost	11	56	67	9	46	54
Current service cost	159	524	682	118	426	544
Past service cost	-3	-29	-32	0	0	0
Actuarial gains [+] and losses [-]	-198	-819	-1,016	-166	-869	-1,035
Payments during the year	-163	-52	-215	-139	-45	-184
Provisions as at 31 Dec 2021	2,156	11,732	13,888	1,719	9,608	11,327
Interest cost	21	115	137	17	94	111
Current service cost	147	495	642	105	394	500
Turnover [termination of employment]	-31	-116	-147	-17	-65	-82
Actuarial gains [+] and losses [-]	100	-3,661	-3,562	79	-3,119	-3,041
◦ due to changes in financial assumptions	-496	-3,395	-3,891	-391	-2,774	-3,165
◦ due to experience-based adjustments	596	-266	330	470	-345	125
Payments during the year	-172	-77	-249	-133	-54	-187
Provisions as at 31 Dec 2022	2,221	8,488	10,709	1,770	6,857	8,627

The company Telekom Slovenije and the Telekom Slovenije Group are exposed to the risks arising from long-term employee benefits, primarily on the basis of:

- changes to legislation governing employment, retirement, contributions, and taxes;
- changes to collective agreements, business agreements and other internal acts that affect the type and level of benefits;
- significant changes in the amounts to which the benefits relate: average salaries in the Republic of Slovenia, employees’ salaries, fixed amounts of rewards and tax-free amounts of rewards;
- changes in the economic environment, e.g., severance pay upon termination of employment.

Present values of long-term employee benefits are exposed to the following risks:

- all risks to which long-term employee benefits are exposed to;
- the difference between actual experience and actuarial assumption [mortality, employee turnover, early or late retirement, salary growth rate and tax-free reward amounts];
- change in discount rates used in measuring, according to the different balance sheet dates.

The following actuarial assumptions were taken into account in the calculation of provisions for jubilee rewards and post-employment benefits:

- demographic assumptions:
 - expected mortality is determined on the basis of life tables of the population in the Republic of Slovenia [published for 2007];
 - fluctuation indicating the leaving of the company by one’s own decision is determined as linearly decreasing according to the age of the employee and averages 4.4% for the company Telekom Slovenije, d.d. for 2022, and 5.0% for the Telekom Slovenije Group for 2022, weighted by the number of employees in each company, while the estimated retirement date is determined as the day when the first condition for retirement is met, taking into account the legislation of the Republic of Slovenia;

- financial assumptions:
 - expected growth of average salaries in the Republic of Slovenia;
 - expected increase in the salaries of employees in the Telekom Slovenije Group takes into account the growth due to inflation, promotion and length of service allowance and amounts to:

Long-term salary growth in the Company	2023	from 2024
The Company Telekom Slovenije	5.75%	0.76%
GVO	4.22%	2.70%
Avtenta	3.15%	3.15%
TSmedia	0.85%	0.85%
Soline	2.00%	2.00%
TSinpo	0.50%	0.50%

- the applied interest rate equals 4.41% p.a., which corresponds to the 2022 year-end yield on 10-year corporate bonds from euro area issuers, for Telekom Slovenije, Soline, GVO, Avtenta, and TSinpo, and 4.54% p.a., which corresponds to the 2022 year-end yield on 15-year corporate bonds from euro area issuers, for TSmedia.

Sensitivity analysis of changes in actuarial assumptions in the Telekom Slovenije Group

Assumption	Deviation	Description	Total	Severance pays	Jubilee rewards
Central scenario	0.00%	balance	10,709	8,488	2,222
Discount interest rate	-0.50%	balance	11,214	8,913	2,301
		[difference]	504	425	79
	0.50%	balance	10,241	8,093	2,147
		[difference]	-469	-394	-75
Salary growth	-0.50%	balance	10,227	8,082	2,146
		[difference]	-482	-406	-76
	0.50%	balance	11,224	8,922	2,302
		[difference]	515	434	80

Sensitivity analysis of changes in actuarial assumptions in Telekom Slovenije

Assumption	Deviation	Description	Total	Severance pays	Jubilee rewards
Central scenario	0.00%	balance	8,627	6,857	1,770
Discount interest rate	-0.50%	balance	9,034	7,202	1,832
		[difference]	407	345	62
	0.50%	balance	8,249	6,537	1,711
		[difference]	-379	-320	-58
Salary growth	-0.50%	balance	8,237	6,527	1,710
		[difference]	-390	-330	-60
	0.50%	balance	9,043	7,210	1,833
		[difference]	416	353	63



PROVISIONS FOR ESTIMATED COSTS OF THE REMOVAL OF RECEIVING-TRANSMITTING STATIONS

Provisions were formed in the amount of the estimated cost of removal discounted at the discount rate of 4.41% p.a. [2021: 0.95% p.a.], which corresponds to the 10-year yield on corporate bonds from Euro area issuers as at the end of December 2022.

OTHER PROVISIONS

Among other provisions, the Group and the Company disclose obligations from concluded contracts, which have a present obligation with an uncertain repayment term. Therefore, they were transferred from current to non-current provisions in the current year.

PROVISIONS FOR RESTRUCTURING

In 2022, the Group utilised provisions for restructuring in the amount of EUR 199 thousand, which were created in the previous reporting period, and formed new ones in the amount of EUR 1,227 thousand.

In 2022, the Company Telekom Slovenije formed provisions for restructuring of the Company in the amount of EUR 792 thousand.

33. OTHER LIABILITIES

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Trade payables for programme rights	7,513	11,834	3,634	11,834
Other	664	6,621	213	447
Total non-current trade payables	8,177	18,455	3,847	12,281

34. LOANS AND BORROWINGS

This note provides information about the contractual terms of borrowings. For more information relating to exposure to interest rate risk and foreign currency risk, please refer to Note 45.

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Borrowings				
Borrowings from banks	369,023	349,032	369,023	349,001
◦ current portion of non-current borrowings	-132,340	-40,009	-132,340	-39,978
Total non-current portion	236,683	309,023	236,683	309,023

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Current borrowings				
Borrowings from Group companies	0	0	0	1,400
Current portion of non-current borrowings from banks	132,340	40,009	132,340	39,978
Interests and other expenses from borrowings	417	6	417	37
Total current portion	132,757	40,015	132,757	41,415

Non-current financial liabilities of the **Telekom Slovenije Group** relate to borrowings from banks received by the Telekom Slovenije Group. The first non-current loan is a syndicated loan comprising three tranches, two of which have respective maturity in 2023 and 2025. The loan is linked to a variable interest rate with mark-ups for individual tranches ranging from 1.35% to 1.65% and is collateralised by blank bills of exchange. The second non-current loan is also a syndicated loan comprising three tranches, all with maturity in 2028. The loan is linked to a variable interest rate with mark-ups for individual tranches ranging from 0.75% to 1.00% and is collateralised by blank bills of exchange. The third non-current loan was received from the European Investment Bank [EIB] and consists of four tranches, which are repaid in accordance with the amortization plans until 2032. The loan is linked to a Fixed interest rate-ups for individual tranches ranges from 1.571% to 3.427% and is collateralised by blank bills of exchange.

The Group and the Company also have current credit lines and undrawn revolving loans at the end of the year. Current revolving lines are collateralised by blank bills of exchange. The current revolving loans mature in 2023 and have a fixed interest rate ranging from 0.48% to 0.49% or a variable interest rate with mark-ups ranging from 0.46% to 0.50%. A transaction account overdraft contract has also been signed with one of the banks, with a fixed 4.00% interest rate.

Banks which have approved the loans require that the Telekom Slovenije Group’s value of financial covenants specified in loan agreements be maintained: the net financial debt/EBIDTA ratio, equity-to-total assets ratio and equity as well as the EBIDTA/finance expenses ratio. Failure to achieve the prescribed ratios may result in a demand for early repayment of the loans. As at 31 December 2022, all financial covenants on the Group level were fulfilled.

Changes in borrowings

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	2022	2021	2022	2021
Balance as at 1 Jan	349,038	216,301	350,438	229,316
Drawing	60,000	196,000	60,000	196,000
Returns	-40,220	-62,995	-41,620	-74,595
Other	622	-268	622	-283
Balance as at 31 Dec	369,440	349,038	369,440	350,438

Other changes relate to non-monetary items, namely, to transfers of prepaid expenses related to the granting of a loan to financial expenses, expenses from borrowings, and transfers between individual categories.

35. LEASE LIABILITIES

Current financial liabilities from lease represent liabilities for right-of-use assets that are expected to be settled in the next 12 months.

Lease liabilities

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Non-current liabilities arising from right-of-use assets	59,342	57,096	60,871	62,748
Current liabilities arising from right-of-use assets	10,603	9,460	12,527	10,949
Total liabilities arising from right-of-use assets	69,945	66,556	73,398	73,697



Changes in lease liabilities

in EUR thousand	Telekom Slovenije Group	The Company Telekom Slovenije
Balance as at 1 Jan 2021	69,272	78,753
Increases	9,877	6,599
Interest	2,214	2,227
Lease payments	-14,807	-13,882
Balance as at 31 Dec 2020	66,556	73,697
Increases	12,547	8,423
Interest	2,122	2,072
Lease payments	-11,280	-10,795
Balance as at 31 Dec 2022	69,945	73,398

The cash flow from leases amounts to EUR 11,280 thousand for the Telekom Slovenije Group (in 2021: EUR 14,807 thousand) and EUR 10,795 thousand for the company Telekom Slovenije (in 2021: EUR 13,882 thousand), and is disclosed as a cash flow arising from financing activities. Repayment of lease liabilities – principal, provided in the statement of cash flows, comprises only the payments on the lease principal, and the interest payments are included in the “interest paid” line.

36. OTHER FINANCIAL LIABILITIES

Financial liabilities

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Liabilities for interest rate swap	0	88	0	88
Total non-current financial liabilities	0	88	0	88

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Other financial liabilities	2	2	0	0
Total other current financial liabilities	2	2	0	0

37. TRADE PAYABLES

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Trade payables	62,737	79,928	47,146	65,612
Liabilities to domestic operators	5,529	1,724	13,726	7,297
Liabilities to foreign operators	7,588	8,034	8,074	8,540
VAT and other tax liabilities	6,636	6,596	5,176	4,944
Liabilities to employees	8,120	8,698	6,504	7,007
Liabilities for advances and warranties	1,722	2,293	378	377
Other liabilities	31,583	23,682	18,297	22,604
Total trade and other payables	123,915	130,955	99,300	116,381

Trade payables are non-interest bearing and are generally settled in the agreed period of 8 to 120 days. The same applies for liabilities to operators which are also non-interest bearing and are generally settled in an agreed-upon term between 10 and 90 days from the date of the invoice issue.

Other liabilities in the company and the Group mostly include liabilities from cession and assignment in the amount of EUR 2,886 thousand (in 2021: EUR 1,788 thousand), programme rights for TV content in the amount of EUR 12,619 thousand (in 2021: EUR 18,241 thousand), and other non-current liabilities.

38. CONTRACT LIABILITIES

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Contract liabilities – leases	2,683	1,833	2,801	1,833
Other current contract liabilities	7,592	10,485	2,801	6,619
Total current contract liabilities	10,275	12,318	5,602	8,452

Other current contract liabilities relate mostly to contract liabilities from customer loyalty programme and mobile services prepayments.



39. ACCRUED LIABILITIES

Among accrued liabilities, the Group and the company disclose current deferred revenue and current accrued costs, as follows:

Current deferred revenue

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Current portion of government grant for property, plant and equipment	42	56	40	54
Other current deferred revenue - co-funding of European projects	1,738	768	443	267
Total current deferred revenue	1,780	824	483	321

Current accrued costs

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accrued costs and expenses for services rendered and goods supplied (invoices not issued yet)	11,487	7,985	8,187	6,991
Accrued costs and deferred revenue – calculation of international services	12,425	11,511	12,433	11,520
Accrued salaries, bonuses and severance pays	5,845	3,856	5,686	3,715
Accrued costs for unused annual leave	4,079	3,932	3,372	3,243
Other	75	678	0	673
Total accrued costs and expenses	33,911	27,962	29,678	26,142
Total accrued interest	35,691	28,786	30,161	26,463

40. BOOK AND FAIR VALUES

The table contains data on the classification in terms of fair value hierarchy solely for assets and financial liabilities which are measured at fair value and for which fair value is disclosed.

Book and fair values of financial instruments of the Telekom Slovenije Group as at 31 Dec 2022

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,139	2,139	2,139		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	284	284			284
Loans granted	9	9		9	
Other non-current financial assets	16	16		16	
Trade receivables	19,251	19,251		19,251	
Current financial assets					
Loans granted	16	16		16	
Other current financial assets	802	802		802	
Fair value of interest rate swap	19	19		19	
Trade and other receivables	159,067	159,067		159,067	
Cash and cash equivalents	37,382	37,382		37,382	
Non-current financial liabilities					
Borrowings	236,683	236,683		236,683	
Other liabilities	8,177	8,177		8,177	
Current financial liabilities					
Borrowings	132,757	132,757		132,757	
Other financial liabilities	2	2		2	
Trade payables	123,915	123,915		123,915	

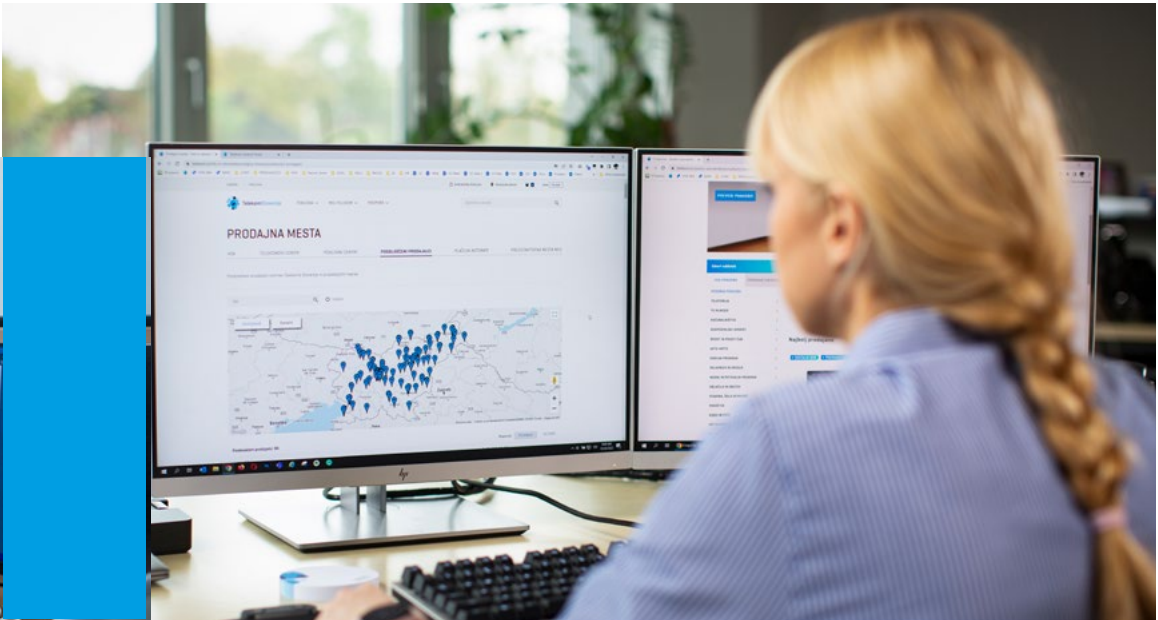


Book and fair values of financial instruments of the Telekom Slovenije Group as at 31 Dec 2021

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,305	2,305	2,305		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	936	936			936
Loans granted	44	44		44	
Other non-current financial assets	7	7		7	
Trade receivables	18,300	18,300		18,300	
Current financial assets					
Loans granted	38	38		38	
Other current financial assets	702	702		702	
Trade and other receivables	156,152	156,152		156,152	
Cash and cash equivalents	15,935	15,935		15,935	
Non-current financial liabilities					
Borrowings	309,023	309,023		309,023	
Liabilities for interest rate swap	88	88		88	
Other liabilities	18,455	18,455		18,455	
Current financial liabilities					
Borrowings	40,015	40,015		40,015	
Other financial liabilities	2	2		2	
Trade payables	130,955	130,955		130,955	

Book and fair values of financial instruments of the company Telekom Slovenije as at 31 Dec 2022

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,139	2,139	2,139		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	284	284			284
Loans granted	46,082	46,082		46,082	
Trade receivables	19,246	19,246		19,246	
Current financial assets					
Loans granted	11,496	11,496		11,496	
Fair value of interest rate swap	20	20		20	
Trade and other receivables	152,170	152,170		152,170	
Cash and cash equivalents	19,573	19,573		19,573	
Non-current financial liabilities					
Borrowings	236,683	236,683		236,683	
Trade payables	3,847	3,847		3,847	
Current financial liabilities					
Borrowings	132,757	132,757		132,757	
Trade payables	99,300	99,300		99,300	





Book and fair values of financial instruments of the company Telekom Slovenije as at 31 Dec 2021

in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Non-current financial assets					
Investments in shares and interests listed on the stock exchange, measured at fair value through other comprehensive income	2,305	2,305	2,305		
Investments in shares and interests not listed on the stock exchange, measured at fair value through other comprehensive income	936	936			936
Loans granted	53,994	53,994		53,994	
Trade receivables	18,294	18,294		18,294	
Current financial assets					
Loans granted	12,177	12,177		12,177	
Trade and other receivables	148,378	148,378		148,378	
Cash and cash equivalents	3,754	3,754		3,754	
Non-current financial liabilities					
Borrowings	309,023	309,023		309,023	
Liabilities for interest rate swap	88	88		88	
Trade payables	12,281	12,281		12,281	
Current financial liabilities					
Borrowings	41,415	41,415		41,415	
Trade payables	116,381	116,381		116,381	

Fair values at levels 2 and 3 of the hierarchy were estimated using the discounted cash flow valuation technique.

The Group and the Company did not record any transfers between fair value levels in 2021 or 2022.

ASSETS THAT ARE NOT MEASURED AT FAIR VALUE IN THE BALANCE SHEET, BUT OF WHICH THE FAIR VALUE IS DISCLOSED

The Group and the Company keep investment property in their books at cost and only disclose fair value. The valuation of investment property was prepared by a certified property appraiser. The market comparison approach was used in the assessment of fair value, decreased by the sales costs. Costs of sale are estimated at 2% of the property market value.

Book and fair values as at 31 Dec 2022

Telekom Slovenije Group in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Investment property	4,304	5,102			5,102
Telekom Slovenije in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Investment property	7,457	9,190			9,190

Book and fair values as at 31 Dec 2021

Telekom Slovenije Group in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Investment property	4,545	5,162			5,162
Telekom Slovenije in EUR thousand	Book value	Fair value	Level 1	Level 2	Level 3
Investment property	7,641	8,831			8,831

41. CONTINGENT LIABILITIES

Amounts claimed in litigation

Telekom Slovenije Group in EUR thousand	2022	2021
Amounts claimed in litigation	188,105	127,766

As at the balance sheet date, the Group recorded 107 legal claims [31 Dec 2021: 99 legal claims].

Based on the obtained legal opinions and the estimate of the management, provisions were formed for legal claims in the amount of EUR 266 thousand [Note 32].

The Company Telekom Slovenije in EUR thousand	2022	2021
Amounts claimed in litigation	185,365	125,326

As at the reporting date, the Company recorded 66 legal claims [31 Dec 2021: 57 legal claims].



On 16 January 2023, the Company Telekom Slovenije received the Decision of the District Court in Ljubljana, with which the court stopped the proceedings in which the companies POP TV d.o.o. Ljubljana and Kanal A d.o.o. claimed damages from Telekom Slovenije with a counterclaim.[Note [47 Events after the reporting date](#)].

The dispute value after the suspension of proceedings thus amounts to a total of EUR 128,428 thousand and EUR 125,688 thousand for the Group and the Company, respectively.

The relevant legal claims are at various stages as follows:

- On 2 March 2021, Telekom Slovenije received a legal claim of the Ljubljana District Court from the plaintiff T-2, d.o.o., for the payment of ordinary damages, repayment of lost profits and non-existence of claims in the amount of EUR 49,735 thousand. The claim supposedly represents the damages suffered by the plaintiff between 1 September 2018 and 31 July 2020. Telekom Slovenije assesses that the amount of the legal claim will be fully rejected.
- On 2 August 2021, Telekom Slovenije also received a legal claim of the Ljubljana District Court from the plaintiff Telemach d.o.o. for the payment of damages in the amount of EUR 28,796 thousand with statutory interest from 1 June 2021 until payment. Telemach d.o.o. justifies the claim with allegations of a breach of regulatory provisions, issued by the Agency for Communication Networks and Services of the Republic of Slovenia, and with allegations of abuse of a dominant position. Telekom Slovenije assesses that the amount of the legal claim will be fully rejected.

The court has not yet scheduled a preliminary hearing nor the first hearing for the main hearing in any of the above cases. Based on the estimate of the management and the obtained legal opinions, the Company has not formed provisions for legal claims.

SUPPORTING LETTER GIVEN TO A SUBSIDIARY

The company Telekom Slovenije, as the sole shareholder of Soline, issued a supporting letter to the latter, in which it declares to continue providing financial support to the subsidiary for going concern and that this support will not be revoked within twelve months of signing the supporting letter.

GUARANTEES ISSUED

The Group and the Company provide the following guarantees:

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Performance bonds and warranty bonds	11,507	11,028	8,281	7,892
Other guarantees	218	353	170	133
Total guarantees issued	11,725	11,381	8,451	8,460

None of the stated liabilities meet the terms for recognition among balance sheet items. Thus, no related material consequences are expected for the Group and the Company.

42. RELATED PARTY TRANSACTIONS

Related entities are individuals or companies related to the Telekom Slovenije Group.

TRANSACTIONS WITH INDIVIDUALS

As at 31 December 2022, related individuals (Chairman and members of the Supervisory Board as well as Deputy Chairman of the Supervisory Board and members of the Supervisory Board) hold a total of 398 shares in the Company, representing a share capital of 0.00609%.

No loans were granted to related individuals in 2022.

Data on groups of persons in 2022

in EUR thousand	Total gross proceeds received	Receipts as profit pay-outs based on the resolution of the General Meeting of Shareholders	Borrowings	
			Unpaid portion as at 31 Dec 2022	Repayments in 2021
Total Board members	1,098	-	-	-
Members of the Supervisory Board	266	-	-	-
Members of the Supervisory Board Committees	17	-	-	-
Other managerial staff employed under contracts not subject to the tariff part of the collective agreement	4,282	-	0	1

Data on groups of persons in 2021

in EUR thousand	Total gross proceeds received	Receipts as profit pay-outs based on the resolution of the General Meeting of Shareholders	Borrowings	
			Unpaid portion as at 31 Dec 2021	Repayments in 2021
Total Board members	893	-	-	-
Members of the Supervisory Board	262	-	-	-
Members of the Supervisory Board Committees	23	-	-	-
Other managerial staff employed under contracts not subject to the tariff part of the collective agreement	4,803	-	1	5

Other managers and employees in the Group under contracts that are not subject to the tariff part of the collective agreement were granted loans with an interest rate of 4.24% p.a. with the repayment period of up to 20 years.

The Group and the Company have not granted any advances or guarantees to the respective groups of persons and have no liabilities to these persons, nor did they record any write-offs or waived amounts for these groups.



Remuneration of the members of the Management Board in 2022 – breakdown

in EUR	Salary	Variable remuneration*	Other remuneration	Reimbursement of costs	Annual leave pay	Insurance premiums	Benefits	Voluntary supplementary pension insurance	Total gross**	Total net***
Boštjan Košak [4 Oct – 31 Dec]	40,228	0	0	664	502	10	1,898	726	44,028	20,792
Boštjan Škufca Zaveršek [14 Nov – 31 Dec]	20,591	0	0	266	331	0	591	484	22,263	11,339
Špela Fortin [1 Jan – 31 Dec]	145,686	18,321	0	1,541	1,924	1,013	6,387	2,904	177,776	81,135
Irma Gubanec [12 Oct – 31 Dec]	32,699	0	0	675	502	81	0	726	34,683	18,347
Vesna Prodnik [14 Nov – 31 Dec]	19,508	0	0	271	331	81	1,202	484	21,877	10,088
Barbara Galičič Drakslar [1 Jan – 11 Oct]	114,251	11,913	80,582	1,171	1,443	790	5,414	2,420	217,984	97,350
Tomaž Jontes [1 Jan – 1 Sep]	103,933	41,123	689	823	1,283	871	5,579	2,178	156,479	71,679
Cvetko Sršen [1 Jan – 3 Oct]	123,058	14,107	83,048	1,303	1,443	465	5,695	2,420	231,539	103,000
Mija Štular [1 Jan – 13 Nov]	146,148	12,753	0	1,127	1,924	544	6,790	2,904	172,190	86,048
Tomaž Seljak [for 2020 and 2021]	0	10,264	0	0	0	0	0	0	10,264	4,723
Matjaž Beričič [for 2020 and 2021]	0	5,061	0	0	0	0	0	0	5,061	2,957
Vida Žurga [for 2020]	0	2,939	0	0	0	0	0	0	2,939	1,717
Ranko Jelača [for 2020]	0	718	0	0	0	0	0	0	718	419
Total	746,102	117,199	164,319	7,841	9,683	3,855	33,556	15,246	1,097,801	509,594

Remuneration of the members of the Management Board in 2021 – breakdown

in EUR	Salary	Variable remuneration*	Other remuneration	Reimbursement of costs	Annual leave pay	Insurance premiums	Benefits	Voluntary supplementary pension insurance	Total gross**	Total net***
Cvetko Sršen [10 Mar – 31 Dec]	130,223	0	0	1,470	1,216	0	7,734	2,349	142,992	61,201
Tomaž Jontes [1 Jan – 31 Dec]	152,840	6,160	0	1,285	1,621	1,005	9,588	2,819	175,318	76,183
Mija Štular [10 Mar – 31 Dec]	117,717	0	689	1,088	1,312	59	2,551	2,278	125,694	66,263
Barbara Galičič Drakslar [31 Mar – 31 Dec]	109,970	0	0	1,379	1,197	366	5,010	2,114	120,036	53,552
Špela Fortin [1 Jan – 31 Dec]	133,707	8,284	0	1,316	1,621	1,005	7,783	2,819	156,535	68,148
Tomaž Seljak [1 Jan – 10 Mar]	30,987	53,655	0	282	314	639	1,670	552	88,099	36,922
Vida Žurga [1 Jan – 10 Mar]	0	30,787	0	0	314	639	2,558	552	34,850	14,535
Matjaž Beričič [1 Jan – 10 Mar]	30,521	11,700	0	275	314	639	1,067	552	45,068	20,940
Ranko Jelača [for 2020]	0	4,786	0	0	0	0	0	0	4,786	3,072
Total	705,965	115,372	689	7,095	7,909	4,352	37,961	14,035	893,378	400,816

* Variable remuneration refers to the part of the performance bonus for 2019, 2020 and 2021.
** The total gross amount is the sum of all types of labour costs, including net receipts (reimbursement of costs), insurance premiums, the benefits and voluntary supplementary pension insurance.
*** The total net amount comprises the sum of net receipts of Management Board members, inclusive of insurance premiums and benefits, which actually reduce net receipts of Management Board members, and exclusive of the benefits and voluntary supplementary pension insurance, which is remitted to the pension company and not to the members personally.

Members of the Management Board did not receive any profit pay-outs, options, commissions.

Members of the Management Board were entitled to the attendance fees for performing the function of a management board member in the subsidiary GVO as indicated below:

In 2022

in EUR	Meetings	Basic salary	Committees	Total gross*	Total net**
External members					
Vesna Prodnik [9 Nov – 31 Dec]	138	563	0	701	509
Mija Štular [1 Jan – 9 Nov]	660	4,365	0	5,025	3,654
Total	798	4,928	0	5,726	4,163

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees.
** The total net amount comprises the sum of net receipts.

In 2021

in EUR	Meetings	Basic salary	Committees	Total gross*	Total net**
Mija Štular [10 Mar – 31 Dec]	550	2,966	0	3,516	2,557
Total	550	2,966	0	3,516	2,557

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees.
** The total net amount comprises the sum of net receipts.

Remuneration of the Supervisory Board members in 2022 – breakdown

in EUR	Meetings	Basic salary	Committees	Travel expenses	Liability insurance	Total gross*	Total net**
External members							
Žiga Debeljak [9 Sep – 31 Dec]	2,860	7,865	1,100	0	0	11,825	8,601
Iztok Černoša [1 Jan – 9 Sep]	2,915	16,878	1,540	0	620	21,953	15,515
Karla Pinter [1 Jan – 31 Dec]	5,775	19,940	1,320	0	620	27,655	19,663
Marko Boštjančič [9 Sep – 31 Dec]	2,860	5,833	1,100	1,731	0	11,524	8,382
Alenka Čok Pangeršič [9 Sep – 31 Dec]	2,860	5,396	660	0	0	8,916	6,484
Mateja Čuk Orel [9 Sep – 31 Dec]	2,860	5,916	1,100	0	0	9,876	7,183
Aleksander Igličar [1 Jan – 31 Dec]	5,775	21,000	2,904	0	620	30,299	21,586
Radovan Cerjak [1 Jan – 9 Sep]	2,915	15,672	1,540	0	620	20,747	14,639
Marko Kerin [1 Jan – 9 Sep]	2,915	16,644	3,564	0	620	23,743	16,818
Jurij Toplak [1 Jan – 9 Sep]	2,640	12,056	1,100	0	620	16,416	11,488
Internal members							
Drago Kijevčanin [1 Jan – 31 Dec]	5,396	22,400	5,104	0	620	33,520	23,928
Dušan Pišek [1 Jan – 31 Dec]	5,775	19,104	220	0	620	25,719	18,255
Rok Pleteršek [2 Jun – 31 Dec]	4,180	9,755	220	0	0	14,155	10,295
Jana Žizek Kuhar [1 Jan – 2 Jun]	1,595	7,340	0	0	620	9,555	6,499
Total	51,321	185,799	21,472	1,731	5,580	265,903	189,336

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees, including net receipts (travel expenses) and liability insurance.
**The total net amount includes the sum of all net receipts, together with travel expenses.



Remuneration of the Supervisory Board members in 2021 – breakdown

in EUR	Meetings	Basic salary	Committees	Travel expenses	Liability insurance	Total gross*	Total net**
External members							
Iztok Černoša [22 Jan – 31 Dec]	5,500	23,328	2,420	0	689	31,937	22,727
Karla Pinter [18 Jun – 31 Dec]	2,420	10,094	660	28	0	13,202	9,601
Radovan Cerjak [22 Jan – 31 Dec]	5,280	19,626	1,980	0	689	27,575	19,554
Aleksander Igličar [22 Jan – 31 Dec]	5,500	19,626	4,004	28	689	29,847	21,207
Marko Kerin [22 Jan – 31 Dec]	4,675	19,626	4,950	124	689	30,064	21,365
Jurij Toplak [18 Jun – 31 Dec]	2,420	9,343	660	383	0	12,806	9,314
Štefan Belingar [1 Jan – 21 Jan]	275	1,482	220	0	0	1,977	1,438
Barbara Gorjup [1 Jan – 27 Apr]	2,805	7,394	1,672	0	689	12,560	8,634
Boštjan Koler [1 Jan – 21 Jan]	275	1,778	220	0	0	2,273	1,653
Barbara Kúrner Čad [1 Jan – 27 Apr]	2,805	8,318	1,540	0	689	13,352	9,209
Dimitrij Marjanović [1 Jan – 21 Jan]	275	1,185	0	0	0	1,460	1,062
Igor Rozman [1 Jan – 21 Jan]	275	1,185	0	0	0	1,460	1,062
Internal members							
Drago Kijevčanin [1 Jan – 31 Dec]	5,396	22,400	5,104	0	689	33,589	23,928
Dušan Pišek [1 Jan – 31 Dec]	5,775	18,813	660	0	689	25,937	18,363
Jana Žižek Kuhar [1 Jan – 31 Dec]	5,500	17,500	660	0	689	24,349	17,208
Total	49,176	181,698	24,750	563	6,201	262,388	186,325

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees, including net receipts (travel expenses) and liability insurance.
**The total net amount includes the sum of all net receipts, together with travel expenses.

Remuneration of the Supervisory Board members in 2022 – breakdown

in EUR	Meetings	Basic salary	Committees	Travel expenses	Liability insurance	Total gross*	Total net**
External Committee Members							
Janez Bešter [28 Nov – 31 Dec]	0	467	0	0	0	467	339
Barbara Gorjup [1 Jan – 31 Dec]	0	5,600	2,684	0	0	8,284	6,025
Marko Kerin [1 Jan – 31 Dec]	0	5,600	2,464	0	0	8,064	5,865
Total	0	11,667	5,148	0	0	16,815	12,229

* The total gross amount includes the sum of the basic salary for performing the function and payments for participating in committees.
** The total net amount refers to net receipts of the members of the Supervisory Board committee.

Remuneration of the Supervisory Board members in 2021 – breakdown

in EUR	Meetings	Basic salary	Committees	Travel expenses	Total gross*	Total net**
External Committee Members						
Barbara Gorjup [22 Jun – 31 Dec]	0	3,442	1,672	0	5,114	3,719
Marko Kerin [11 Feb – 31 Dec]	0	5,975	3,124	0	9,099	6,618
Melita Malgaj [1 Jan – 6 Apr]	0	1,867	660	0	2,527	1,838
Barbara Nose [1 Jan – 11 Feb]	0	1,219	220	0	1,439	1,046
Gregor Rajšp [1 Jan – 6 Apr]	0	1,867	660	0	2,527	1,838
Alenka Stanič [1 Jan – 6 Apr]	0	1,867	660	0	2,527	1,838
Total	0	16,237	6,996	0	23,233	16,897

* The total gross amount includes the sum of the basic salary for performing the function and payments for participating in committees.
** The total net amount refers to net receipts of the members of the Supervisory Board committee.

For 2022, the members of the Company’s Supervisory Board received the following payments for carrying out the functions of an audit committee in the company Soline:

In 2022

in EUR	Meetings	Basic salary	Committees	Travel expenses	Total gross*	Total net**
Marko Kerin [1 Jan – 31 Dec]	0	0	1,320	0	1,320	960
Barbara Gorjup [1 Jan – 31 Dec]	0	0	1,540	0	1,540	1,120
Drago Kijevčanin [1 Jan – 31 Dec]	0	0	1,540	0	1,540	1,120
Aleksander Igličar [1 Jan – 31 Dec]	0	0	1,540	0	1,540	1,120
Marko Kerin [1 Jan – 9 Sep]	0	0	1,320	0	1,320	960
Alenka Čok Pangeršič [14 Sep – 31 Dec]	0	0	220	0	220	160
Total	0	0	7,480	0	4,400	5,440

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees, including net receipts (travel expenses) and liability insurance.
**The total net amount includes the sum of all net receipts, together with travel expenses.

In 2021

in EUR	Attendance fees	Basic salary	Committees	Travel expenses	Total gross*	Total net**
Aleksander Igličar [24 May – 31 Dec]	0	0	220	0	220	160
Barbara Gorjup [24 May – 31 Dec]	0	0	220	0	220	160
Marko Hočevnar [24 May – 31 Dec]	0	0	220	0	220	160
Marko Kerin [24 May – 31 Dec]	0	0	220	0	220	160
Drago Kijevčanin [24 May – 31 Dec]	0	0	220	0	220	160
Total	0	0	1,100	0	1,100	800

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees, including net receipts (travel expenses) and liability insurance.
**The total net amount includes the sum of all net receipts, together with travel expenses.



For 2022, the members of the Company’s Supervisory Board received the following payments for carrying out the functions of an audit committee in the company Avtenta:

In 2022

in EUR	Meetings	Basic salary	Committees	Travel expenses	Total gross*	Total net**
Marko Kerin [1 Jan – 9 Sep]	0	0	1,100	0	1,100	800
Aleksander Igličar [1 Jan – 31 Dec]	0	0	1,540	0	1,540	1,120
Drago Kijevčanin [1 Jan – 31 Dec]	0	0	1,540	0	1,540	1,120
Marko Kerin [1 Jan – 31 Dec]	0	0	1,320	0	1,320	960
Barbara Gorjup [1 Jan – 31 Dec]	0	0	1,540	0	1,540	1,120
Alenka Čok Pangeršič [14 Sep – 31 Dec]	0	0	440	0	440	320
Total	0	0	7,480	0	4,180	5,440

* The total gross amount includes the sum of all attendance fees, basic salaries for performing the function and payments for participating in committees, including net receipts (travel expenses) and liability insurance.

**The total net amount includes the sum of all net receipts, together with travel expenses.

The members of the Supervisory Board received no other remunerations.

LIABILITIES TO RELATED PARTIES

The Telekom Slovenije Group and the Company Telekom Slovenija record liabilities to related parties arising from receipts that have not yet been paid out, in amounts as follows:

in EUR thousand	Total amount of total liabilities as at 31 Dec 2022	Total amount of total liabilities as at 31 Dec 2021
Total Management Board members	171	197
Other managerial staff employed under contracts not subject to the tariff part of the collective agreement	494	392

Members of the Management Board and the Supervisory Board of Telekom Slovenije are members of supervisory or management boards of other companies or owners of other companies with which the company Telekom Slovenije conducts business. All related party transactions are carried out under market conditions.

TRANSACTIONS WITH COMPANIES IN THE GROUP

All transactions with companies in the Group are performed under market conditions applicable for transactions with unrelated parties.

The Company Telekom Slovenije

in EUR thousand	31 Dec 2022	31 Dec 2021
Receivables due from Group companies		
Subsidiaries – gross amount	4,015	2,584
Subsidiaries – impairment	-17	-8
Subsidiaries – net amount	3,998	2,576
Borrowings to Group companies		
Subsidiaries – gross amount	57,553	66,089
Subsidiaries – impairment	0	0
Subsidiaries – net amount	57,553	66,089
Liabilities to Group companies		
Subsidiaries	26,721	26,041
in EUR thousand	I-XII 2022	I-XII 2021
Revenue from sales in the Group	15,829	10,424
Subsidiaries	15,829	10,424
Material purchase and services in the Group	21,247	12,833
Subsidiaries	21,247	12,833

The Company generates revenue by selling material to the company GVO, by leasing business premises and property, plant and equipment, by rendering telecommunication services and by implementing the services of business support. Telekom Slovenije settles the company GVO’s costs of investment construction, maintenance and elimination of defects.

TSmedia pays the company Telekom Slovenije for the provision of telecommunications services and call centre services, for maintenance, development and purchase of multimedia platforms and contents, for business support services and for the lease of outdoor digital screens and business premises. To the controlling company, it charges the sale and management of multimedia services and contents, the use of the BiziPro business application, services related to the universal directory enquiry service, service 1977, as well as management and sale of advertising space. Additionally, it receives revenue arising from the telephone directory, the Bizi.si business directory and call centre services, which Telekom Slovenije charges to end users through a joint invoice.

The Company charges the lease of business premises, communications services at location, support activities services to its subsidiary Avtenta, while paying the subsidiary the costs of ICT services.

Telekom Slovenije charges international IP services, roaming services of its users, traffic transiting services and system lease services to its subsidiary IPKO. The subsidiary charges the lease of lines and international telecommunications services as well as services related to user roaming to the controlling company.

Inter-company prices are formed on the same basis as for other users.

As at the reporting date, no contract performance bonds were issued by Telekom Slovenije to its subsidiaries (in 2021: EUR 434 thousand).

The company did not form an impairment for loans granted in 2022, as the estimated expected credit losses are insignificant.



Loans granted to subsidiaries

in EUR thousand	31 Dec 2022	31 Dec 2021
GVO, d.o.o.	2,993	0
TSmedia, d.o.o.	290	400
IPKO d.o.o.	42,649	55,650
SOLINE d.o.o.	1,275	1,627
SIOL d.o.o., Zagreb	458	504
SiOL d.o.o. Sarajevo	4,413	4,715
Siol BEOGRAD	151	20
INFRATEL, d.o.o.	2,453	0
SIOL Priština	2,871	3,173
Total granted to subsidiaries	57,553	66,089

TRANSACTIONS WITH OWNERS AND THEIR RELATED COMPANIES

The largest owner of Telekom Slovenije is the Republic of Slovenia, which, together with the Slovenian Sovereign Holding – SSH (Slovenski državni holding – SDH), holds a 66.79% share capital in Telekom Slovenije.

Companies related to the owners are those in which the Republic of Slovenia and SSH together hold a share capital of at least 20%. The list of these companies is published on SSH’s website [<http://www.sdh.si/sl-si/upravljanje-nalozb/seznam-nalozb>].

The total value of transactions is outlined in the table below.

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Outstanding trade receivables	4,726	4,717	4,247	4,247
Outstanding trade payables	4,871	4,867	4,830	4,830
VAT liabilities	3,706	3,791	3,695	3,695
Income tax payables	3,803	3,654	3,437	3,437
in EUR thousand	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
Sales revenue	17,849	17,580	15,839	15,839
Purchase costs of material and services	10,085	10,026	9,267	9,267
in EUR thousand	I-XII 2022	I-XII 2021	I-XII 2022	I-XII 2021
VAT payment	58,744	58,908	58,402	58,402
CIT payment	703	679	0	0
Dividends paid	19,687	19,687	19,687	19,687

All related party transactions are carried out under market conditions.

43. AUDITOR’S FEE

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	2022	2021	2022	2021
Audit services	187	185	122	122
Other assurance engagements	8	8	8	8
Other non-audit services	11	13	0	0
Total auditor’s fees	181	206	130	130

44. CATEGORIES OF FINANCIAL INSTRUMENTS

The Group and the Company classified financial instruments into groups as shown in the table below.

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Financial assets measured at amortised cost				
Cash and cash equivalents	37,382	15,935	19,573	3,754
Bank deposits	800	702	0	0
Loans granted	25	82	57,578	66,171
Trade and other receivables	178,019	173,851	171,122	166,076
Financial assets measured at fair value through other comprehensive income				
Investments in shares and interests of companies	2,423	3,241	2,423	3,241
Financial liabilities at fair value through other comprehensive income				
Liabilities for interest rate swap	0	88	0	88
Financial liabilities measured at amortised cost				
Trade payables	132,092	149,410	103,147	128,662
Borrowings	369,440	349,038	369,440	350,438
Other financial liabilities	2	2	0	0

The Group and the Company did not reclassify these instruments to other groups during the year.



45. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial risks that the Telekom Slovenije Group and the company Telekom Slovenije, d.d. are the most exposed to in the course of their operations, are credit risk, liquidity risk and interest rate risk. The exposure to individual types of financial risk is regularly assessed. On the basis of potential negative effect assessment on financial stability and performance, adequate management measures are implemented.

CREDIT RISK

Credit risk is the risk of financial loss in case a client or a contracting party does not settle their liabilities in full or at all.

The maximum exposure to credit risk equals the book value of financial assets.

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Loans granted	25	82	57,578	66,171
Deposits	802	702	0	0
Trade and other receivables	176,931	174,244	170,130	166,556
<div>of which trade receivables</div>	170,406	166,196	164,768	159,790
Cash and cash equivalents	37,382	15,935	19,573	3,754
TOTAL	215,140	190,963	247,281	263,481

Key credit risk of the Group and the company Telekom Slovenije arises mainly from non-payment of liabilities by customers [retail] and by operators [wholesale]. Trade receivables represent the maximum exposure to credit risk. As at 31 December 2022, these amounted to EUR 170,406 thousand at the Group level, having increased by EUR 4,210 thousand compared to the end of 2021. Most of the Group’s trade and other receivables refer to Telekom Slovenije. Most receivables are unsecured. The Group records receivables due form a large number of natural persons and legal entities. The Group’s largest customers are operators, whose turnover is usually two-way, reducing net credit exposure. We estimate that there is no significant credit risk concentration in relation to an individual client or sector.

The Group companies introduced various procedures for managing receivables that include the monitoring of business partners’ credit rating, collateralisation of receivables, monitoring of subscribers’ traffic, and the collection of bad debts. The recovery procedure is conducted according to a pre-defined timeline [reminders and disconnection] and through specialised outsourced operators. Telekom Slovenije requires prior authorisation of individual clients for concluding and changing a subscription relationship and for purchasing goods with deferred payment. As an additional measure for managing credit risk, the larger Group companies implemented systems to prevent frauds i.e. Fraud Management System [FMS]. Telekom Slovenije, which has the most post-paid customers, additionally has in place the Credit Management System [CMS].

As a result of introduced procedures for managing receivables, credit risk is assessed as manageable.

Maturity analysis of receivables of the Telekom Slovenija Group as at the reporting date

	31 Dec 2022				31 Dec 2021			
in EUR thousand	Gross amount	Expected % of credit losses	Impairment	Net amount	Gross amount	Expected % of credit losses	Impairment	Net amount
Total trade receivables	188,380		-17,974	170,406	183,132		-16,936	166,196
Trade receivables not past due	155,985	0.5%	-714	155,271	149,508	0.5%	-795	148,713
Past due								
<div>up to and including 30 days</div>	8,565	4%	-316	8,249	11,159	3%	-341	10,818
<div>from including 31 days to and including 60 days</div>	2,990	11%	-318	2,672	3,591	7%	-269	3,322
<div>from and including 61 days to and including 90 days</div>	1,365	16%	-212	1,153	780	12%	-90	690
<div>from including 91 days to and including 180 days</div>	2,078	45%	-941	1,137	1,448	44%	-633	815
<div>from including 181 days to and including 365 days</div>	2,297	55%	-1,265	1,032	2,010	53%	-1,065	945
<div>from and including 366 days up to two years</div>	5,484	84%	-4,605	879	5,427	85%	-4,604	823
<div>over two years</div>	6,484	100%	-6,472	12	5,438	99%	-5,368	70
<div>trade receivables in insolvency proceedings</div>	3,132	100%	-3,131	1	3,771	100%	-3,771	0
Total trade receivables past due	32,395		-17,260	15,135	33,624		-16,141	17,483
Other trade receivables	6,525		0	6,525	8,056		-8	8,048
Total receivables	194,905		-17,974	176,931	191,188	0	-16,944	174,244

Maturity analysis of receivables of Telekom Slovenija as at the reporting date

	31 Dec 2022				31 Dec 2021			
in EUR thousand	Gross amount	Expected % of credit losses	Impairment	Net amount	Gross amount	Expected % of credit losses	Impairment	Net amount
Total trade receivables	178,525		-13,757	164,768	172,901		-13,111	159,790
Trade receivables not past due	151,819	0.5%	-724	151,095	148,256	0.5%	-799	147,457
Past due								
<div>up to and including 30 days</div>	7,793	4%	-312	7,481	6,995	5%	-338	6,657
<div>from including 31 days to and including 60 days</div>	2,725	11%	-300	2,425	2,765	9%	-262	2,503
<div>from and including 61 days to and including 90 days</div>	1,205	15%	-181	1,024	988	10%	-94	894
<div>from including 91 days to and including 180 days</div>	1,792	46%	-824	968	1,093	49%	-540	553
<div>from including 181 days to and including 365 days</div>	1,819	50%	-909	910	1,686	49%	-834	852
<div>from and including 366 days up to two years</div>	2,404	64%	-1,538	866	2,744	70%	-1,926	818
<div>over two years</div>	6,462	100%	-6,462	0	5,242	99%	-5,184	58
<div>trade receivables in insolvency proceedings</div>	2,506	100%	-2,507	-1	3,132	100%	-3,134	-2
Total trade receivables past due	26,706		-13,033	13,673	24,645		-12,312	12,333
Other trade receivables	5,362		0	5,362	6,766		0	6,766
Total receivables	183,887		-13,757	170,130	179,667		-13,111	166,556

Expected credit losses arising from trade receivables not due are estimated at 0.50% [same as in 2021].

The Telekom Slovenije Group and the Company also monitor credit risks in other segments of business operations. Bank balances are allocated according to the principles of risk minimization and tracking proper bank diversification, which is why the concentration risk is low. The credit risk is low, as, due to the stability of the banking system and high liquidity of banks, there is no major risk in terms of bank balances. The expected credit losses for cash and cash equivalents are therefore not recorded, as they are assessed as insignificant also in terms of their cash diversification among banks.

The Group is also exposed to risk in relation to receivables from loans to employees and to investments in short-term deposits. The lending risk is low, as these loan repayments are mostly settled through payroll, whereas risk in deposits

is managed through tracking the individual banks’ credit rating. Expected credit losses are not recorded for these investments, as they are assessed as insignificant given the amount of assets.

Telekom Slovenije is exposed to credit risk arising from receivables from loans granted to subsidiaries. For the loans granted, the company estimated that there was no significant increase in credit risk, therefore impairments for credit losses are measured on the basis of expected credit losses over a 12-month period (Phase 1). In this respect, the company did not form an impairment in 2022, as the estimated expected credit losses are insignificant. The Company regularly monitors and supervises the operations of its subsidiaries and their ability to repay loans, thus additionally mitigating the related credit risk. Loans granted are disclosed in more detail in Note [20 Other investments](#).

Maturity of loans granted

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Past due	0	0	0	0
Not past due:	25	82	57,578	66,171
◦ in less than 3 months	7	15	3,212	2,604
◦ between 3 and 12 months	10	23	8,284	9,573
◦ between 1 and 2 years	6	19	14,332	9,336
◦ between 2 and 5 years	2	23	27,560	39,366
◦ over 5 years	0	2	4,190	5,292
Total	25	82	57,578	66,171

LIQUIDITY RISK

The Telekom Slovenije Group regularly settles its liabilities. The Group’s liquidity is the result of active planning and managing of cash flows, provision of appropriate maturity and financial debt diversification, financing within the Group, and the optimisation of working capital and cash. The liquidity risk on the Group level is managed by the controlling company, which plans and monitors the cash requirements of subsidiaries and provides them with the necessary funds.

The majority of the Group’s financial liabilities are accounted for by two non-current syndicated loans in the total amount of EUR 269.7 million, non-current loan from the European Investment Bank in the amount of EUR 100 million and liabilities from lease in the amount

of EUR 69.9 million and EUR 73.4 million at the Group and Company level, respectively. The Group and the Company are regularly repaying their financing obligations.

In 2022, the Company Telekom Slovenije repaid a total of EUR 40.2 million of non-current loan obligations.

In order to ensure a high level of liquidity with banks, the Group and the Company Telekom Slovenije have open current credit lines, which are renewed according to anticipated needs. The total liquidity reserve in the form of granted, undrawn current revolving credit lines with banks amounted to EUR 69 million at the end of 2022.



Maturity of liabilities of the Telekom Slovenije Group as at 31 Dec 2022 and 31 Dec 2021 based on contractual, undiscounted payments

in EUR thousand	Up to 3 months	between 3 and 12 months	between 1 and 2 years	between 2 and 5 years	Over 5 years	Total	Book value of liabilities
31 Dec 2022							
Loans and borrowings	8,505	137,413	37,817	96,473	132,639	412,847	370,087
Other financial liabilities	2	0	0	0	0	2	2
Trade and other payables	89,528	34,387	3,669	443	4,065	132,092	132,092
Financial liabilities from lease	5,541	6,695	12,046	23,504	37,206	84,992	69,945
Total	103,576	178,495	53,532	120,420	173,910	629,933	572,126
31 Dec 2021							
Loans and borrowings	12	44,772	136,416	79,863	103,976	365,039	349,927
Other financial liabilities	0	2	88	0	0	90	90
Trade and other payables	101,285	29,670	9,874	2,216	6,365	149,410	149,410
Financial liabilities from lease	4,714	6,710	9,125	20,196	39,238	79,983	66,556
Total	106,011	81,154	155,503	102,275	149,579	594,522	565,983

Maturity of liabilities of Telekom Slovenije as at 31 Dec 2022 and 31 Dec 2021 based on contractual, undiscounted payments

in EUR thousand	Up to 3 months	between 3 and 12 months	between 1 and 2 years	between 2 and 5 years	Over 5 years	Total	Book value of liabilities
31 Dec 2022							
Loans and borrowings	8,505	137,413	37,817	96,473	132,639	412,847	370,087
Trade and other payables	87,396	11,905	3,278	443	125	103,147	103,147
Financial liabilities from lease	6,194	8,195	10,211	26,011	36,394	87,005	73,398
Total	102,095	157,513	51,306	122,927	169,158	602,999	546,632
31 Dec 2021							
Loans and borrowings	12	46,172	136,416	79,863	103,977	366,440	351,327
Other financial liabilities	0	0	88	0	0	88	88
Trade and other payables	98,012	18,369	9,874	2,215	192	128,662	128,662
Financial liabilities from lease	5,098	7,917	10,862	25,951	37,934	87,762	73,697
Total	103,122	72,458	157,240	108,029	142,103	582,952	553,774



INTEREST RATE RISK

Interest rate risk is the risk of a negative impact of changes in market interest rates on the Group’s operations. As at 31 December 2022, the Group’s interest rate exposure arises from the possible increase in the Euribor reference interest rate, relating to interest-sensitive liabilities.

In the structure of the Group’s and the Company’s financial liabilities¹⁰⁹ as at 31 December 2022, liabilities from borrowings, which bear interest at variable interest rates linked to 6-month Euribor, account for a 72.9% share. The remaining liabilities arise from non-current loan with a fixed interest rate.

In order to partially hedge against interest exposure arising from the non-current syndicated loan, the Group and the Company have in place an interest rate swap in the amount of 50% of one out of three tranches of the loan, which matures on 31 December 2025. As at 31 December 2022, the amount of hedged principal added up to EUR 3.8 million. By hedging the interest rate exposure through the use of an interest rate swap (IRS swap), the Group and the company is partially hedging future cash flows against the risk of an increase in the interest rate. The principal is hedged for the growth of the reference interest rate, should the latter be greater than or equal to zero. At the Group and the Company level, it has a fixed or hedged interest rate of 28.1% of financial debt arising from borrowings.

Exposure to interest rate risk

	Telekom Slovenije Group		The Company Telekom Slovenije	
in EUR thousand	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Financial instruments with variable interest rate				
Financial liabilities	265,824	298,352	265,824	298,352
Net financial liabilities	265,824	298,352	265,824	298,352

The table is exclusive of non-interest-bearing financial instruments and instruments bearing a fixed interest rate, as they are not exposed to interest rate risk. It also does not include financial liabilities with hedged interest rate for Euribor growth.

SENSITIVITY ANALYSIS

The following table illustrates the sensitivity analysis of the changed interest rate on the Group’s and the Company’s profit as at the reporting date, whereby all other variables are constant.

Interest rate risk table

		Effect on profit before tax in EUR thousand	
2022	Interest rate increase/decrease	Telekom Slovenije Group	Telekom Slovenije, d.d.
EURO	+100 bt	-2,526	-2,526
EURO	-100 bt	2,658	2,658
		Effect on profit before tax in EUR thousand	
2021	Interest rate increase/decrease	Telekom Slovenije Group	Telekom Slovenije, d.d.
EURO	+100 bt	-1,282	-1,282
EURO	-100 bt	-115	-115

109 Considered loan principals.

EURIBOR interest rate values

EURIBOR	Value as at 31 Dec 2022	Value as at 31 Dec 2021	Change [in p.p.]
6-month	2.752	-0.544	3.296

CAPITAL MANAGEMENT

The key objectives of the Group’s and the Company’s capital management are capital adequacy and, consequently, long-term liquidity as well as financial stability, which ensures the best possible credit rating for further financing of the Group’s and the Company’s operations and development and thereby maximising shareholder value.

The Group and the Company monitor changes in equity by using a debt-to-equity ratio and equity-to-total assets ratio indicators. The Group’s net financial liabilities include borrowings and other financial liabilities less current investments and cash with cash equivalents. When adopting decisions relating to capital management, the Group also follows the financial covenants under loan contracts.

in EUR thousand	Telekom Slovenije Group		The Company Telekom Slovenije	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Borrowings and other financial liabilities	439,387	415,684	442,838	424,223
Less current investments, cash and cash equivalents	-38,219	-16,675	-31,089	-15,931
Net financial liabilities	401,168	399,009	411,749	408,292
Equity	611,677	600,431	606,233	612,241
Total assets	1,275,338	1,250,339	1,223,290	1,237,941
Debt/equity ratio	65.6%	66.5%	67.9%	66.7%
Equity/total assets ratio	48.0%	48.0%	49.6%	49.5%



46. GENERAL AUTHORISATION AND THE RIGHT TO USE RADIO FREQUENCY AND NUMBERS

FIXED-LINE AND MOBILE PHONE SERVICES

The Group and the Company hold a general authorisation for providing the electronic communications network or electronic communication services. Prior to the commencement of the provision of public communication network services, a written notification must be provided to the Communications Networks and Services Agency of the Republic of Slovenia [hereinafter: the Agency]. Before the commencement of the service stemming from the notification, no explicit decision or administrative act by a local administrative authority is required.

The Group paid an annual consideration for the following major electronic communications services:

- radio frequency consideration for 2022;
- consideration for the use of numbering resources for 2022;
- consideration based on a decision of 2013, valid until 2022;
- consideration based on the notice on the provision of services and networks.

The amount of the consideration is determined by law and the tariff by the General Act of the Agency.

On an annual basis, the Group companies pay right-of-use fees for radio frequencies, telephony numbering space, and other rights for rendering fixed-line and mobile phone services.

Telekom Slovenije Group’s total amount of fees in 2022 equalled EUR 3,128 thousand [in 2021 EUR 3,357 thousand], and of **Telekom Slovenije** EUR 1,497 thousand [in 2021 EUR 1,727 thousand].

The Group Telekom Slovenije’s concessions for mobile phone services

Concession contract	Date of authorization	Period	Consideration in EUR thousand
Concession contract for the use of the radio frequency spectrum for the UMTS/IMT-2000 services	31 May 2014	to 31 May 2029	91,870
Decision on the allocation of radio frequencies for LTE 800 MHz, UMTS 2100 MHz	26 May 2014	from 31 May 2014 to 31 May 2029	26,769
Decision on the allocation of radio frequencies for GSM 900 in 1800 MHz, LTE 2600 MHz	26 May 2014	from 04 January 2016 to 04 January 2031	37,705
Decision on the allocation of radio frequencies at the 700 MHz, 1500 MHz, 3600 Mhz and 26 Ghz belt	15 Jun 2021	to 15 Jun 2036	28,617
Decision on the allocation of radio frequencies at the 2100 Mhz band	22 Sep 2021	until 22 Sep 2036	19,302
Decision on the allocation of radio frequencies at the 2100 Mhz band	9 Apr 2023	to 9 Apr 2036	4,329
Concession contract for the installation, maintenance of and operation of the second generation GSM in the mobile network in the territory of Kosovo	6 3 2007	to 5 Mar 2022	Initial consideration amount EUR 75,000 thousand
Renewal of permit for the frequency 900–1800 MHz in Kosovo	30 Jul 2019	to 30 Jul 2039	11,734
Granting of 2x5MHz [1730–1735 MHz & 1825–1830MHz] license at the 1800 Mhz frequency band	7 Jan 21	7 Jan 2039	1,355

Concessions shown in the table which refer to Slovenia are held by the Company Telekom Slovenije, whereas concessions in Kosovo are held by the company IPKO.

47. EVENTS AFTER THE REPORTING DATE

JANUARY

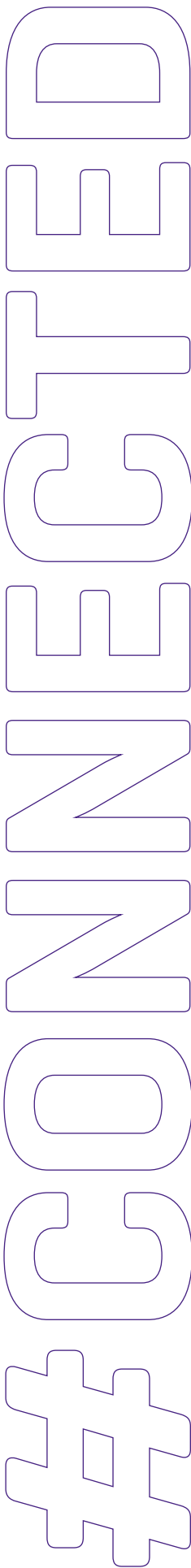
- At its 9th regular meeting held on Monday, 9 January 2023, Supervisory Board of Telekom Slovenije gave its consent to the appointment of Vesna Lednik to the position of Director of TSinpo d. o. o., for a four-year term of office commencing on 10 January 2023.
- On 16 January 2023, the Company Telekom Slovenije received the Decision of the District Court in Ljubljana, with which the court stopped the proceedings in which the companies POP TV d.o.o. Ljubljana and Kanal A d.o.o. claimed damages from Telekom Slovenije with a counterclaim for the payment of the dispute value of EUR 58,154 thousand with statutory interest. Stopping the proceedings was the result of the withdrawal of the claim filed by Telekom Slovenije against the companies POP TV d.o.o. Ljubljana and Kanal A d.o.o., and the withdrawal of the counterclaim filed against Telekom Slovenije by the companies POP TV d.o.o. Ljubljana and Kanal A d.o.o.

FEBRUARY

- On 10 February 2023, Vesna Prodnik, a member of the Management Board of Telekom Slovenije, purchased 400 lots of the company’s TLSG shares at a price of EUR 53.50 per share for a total value of EUR 21,400. The purchase of the ordinary shares of TLSG was carried out on the Ljubljana Stock Exchange. Following the transaction, Vesna Prodnik owns 400 shares with the ticker TLSG.
- On 13 February 2023, Supervisory Board of Telekom Slovenije gave its consent to the appointment of Matija Nendel as a Director of Avtenta d. o. o., for a four-year term of office starting on 1 April 2023.
- On 27 February 2023, the company Telkom Slovenije submitted an application for a subsidy under the Act on aid to the economy to mitigate the effects of the energy crisis [‘the Energy Crisis Act’]. Pursuant to Article 16[12] of the ZPGOPEK, if, from the entry into force of this Law in 2023, there are any distributions of profits, purchases of own shares or own business interests, payments of bonuses to management or part of performance-related remuneration to management, the company will be obliged to notify the competent authority within two months of the payment at the latest. The funds received must be repaid within 30 days of notification of the decision.

MARCH

- On 23 March 2023 Telekom Slovenije received from the Ljubljana District Court the compensatory collective redress, which was lodged against the company by the PanSlovenian Stakeholders’ Association [PSA] for the compensation of a deprivation in the estimated value of EUR 122,689,762.25 with interest and other amounts. The company also received from the court the call to respond to the lawsuit regarding the existence of the conditions for approving a compensatory collective redress. The claim supposed to represent the deprivation that the subscribers of the company supposed to suffered between 1 January 2018 and 1 December 2022.
- On 31 March 2023 Telekom Slovenije received the decision of the Slovenian Competition Protection Agency [hereinafter: AVK] with which AVK informs it that the procedure of establishing a violation of Article 9 of the Prevention of Restriction of Competition Act has been stopped. Having completing the new procedure, AVK issued a decision on 30 March 2023 on stopping the procedure with the explanation that in the repeated procedure and following the court’s instructions it did not manage to obtain evidence on the existence of an appropriate technical solution before 3 March 2005, and therefore calculate the economic effect.



9.3

INDEPENDENT AUDITOR’S REPORT
FOR THE TELEKOM SLOVENIJE GROUP
AND TELEKOM SLOVENIJE



Independent Auditor’s Report

To the Shareholders of TELEKOM SLOVENIJE, d.d.

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of TELEKOM SLOVENIJE, d.d. (the “Company”) and its subsidiaries (together – the “Group”) as at 31 December 2022, and the Group’s and the Company’s consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee dated 25 April 2023.

What we have audited

The Group’s and the Company’s consolidated and separate financial statements comprise:

- the consolidated and separate statements of profit or loss for the year ended 31 December 2022;
- the consolidated and separate statements of other comprehensive income for the year then ended;
- the consolidated and separate balance sheets as at 31 December 2022;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flow for the year then ended; and
- the notes to the consolidated and separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (the “Regulation”). Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers d.o.o.,
Cesta v Kleče 15, SI-1000 Ljubljana, Slovenia
T: +386 (1)5836 000, F:+386 (1) 5836 099, www.pwc.com/si
Matriculation No.: 5717159, VAT No.: SI35498161
The company is entered into the company register at Ljubljana District Court under Insert no. 12156800 per resolution Srg. 200110427 dated 19 July 2001 and into the register of audit companies at the Agency for Public Oversight of Auditing under no. RD-A-014/94. The registered share capital is EUR 34,802. The list of employed auditors with valid licenses is available at the company’s registered office.



Independence

We are independent of the Group and the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Slovenia. We have fulfilled our other ethical responsibilities in accordance with those requirements and with the IESBA Code.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company and its subsidiaries are in accordance with the applicable law and regulations in Slovenia and that we have not provided non-audit services that are prohibited under Article 5(1) of the Regulation.

The non-audit services that we have provided to the Company and its subsidiaries, in the period from 1 January 2022 to 31 December 2022, are disclosed in the note 43 to the consolidated and separate financial statements.

Emphasis of Matter – Reissued consolidated and separate financial statements

We draw attention to Note 30, *Equity and Reserves*, which describes changes made to the previously issued consolidated and separate financial statements for the year ended 31 December 2022. The previous consolidated and separate financial statements issued on 17 March 2023 were amended upon request of the supervisory board regarding disclosure of proposed dividend distributions as set out in Note 30. We issued our unqualified independent auditor’s report on the previously issued consolidated and separate financial statements on 17 March 2023. Following these changes, we provide this new independent auditor’s report on the reissued consolidated and separate financial statements. Our opinion is not modified in respect of this matter.

Our audit approach

Overview

	<ul style="list-style-type: none">• Overall Group and Company materiality: Group – EUR 5.400 thousand, Company – EUR 4.100 thousand, which represent 2,5% of EBITDA.
	<ul style="list-style-type: none">• We conducted our audit work at 5 reporting units in 2 countries.• Our audit scope addressed 99% of the Group’s revenues and 99% of the Group’s absolute value of underlying profit before tax.
	<ul style="list-style-type: none">• Revenue recognition in the consolidated and separate statements of profit or loss• Investments in subsidiaries and loans given to subsidiaries in the separate balance sheet



As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated and separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated and separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group and Company materiality for the consolidated and separate financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated and separate financial statements as a whole.

• Overall Group and Company materiality	• The Group: EUR 5.400 thousand • The Company: EUR 4.100 thousand
• How we determined it	• Approximately 2,5% of EBITDA
• Rationale for the materiality benchmark applied	• We chose EBITDA as the benchmark because, in our view, it is the benchmark against which the performance of the Group and the Company is most commonly measured by users and is a generally accepted benchmark. We chose 2,5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition in the consolidated and separate statements of profit or loss	
Refer to note 3. o. Summary of significant accounting policies – Sales revenue.	In light of the fact that the high degree of complexity and estimates and assumptions give rise to an increased risk of accounting misstatements, we assessed the Group's and the Company's processes and controls over
The total amount of related balances, as at 31 December 2022 is disclosed in note 7:	



- EUR 652.121 million total revenue, for the Group, and
- EUR 575.886 million total revenue, for the Company.

Revenue is subject to considerable inherent risk due to:

- the complexity of the systems necessary for proper recording and identifying revenue and
- the impact of ever-changing business, price and tariff models (including tariff structures, customer discounts, incentives).

Against this background, the proper application of the IFRS 15, *Revenue from Contracts with Customers* is considered to be complex and to a certain extent based on estimates and assumptions made by management and consequently revenue recognition was of particular importance for our audit.

Investments in subsidiaries and loans given to subsidiaries in the separate balance sheet

Refer to note 3. f. Summary of significant accounting policies – Financial instruments and 19 Investments in subsidiaries and 20 Other investments.

The Company has investments in subsidiaries in amount of EUR 38.720 million and loans provided to subsidiaries in amount of EUR 57.553 million as at 31 December 2022, recorded in its separate balance sheet.

Investments in subsidiaries are carried at cost less impairment losses, and loans to subsidiaries are carried at amortized cost. As required by the applicable accounting standard — IAS 36, *Impairment of assets*, and IFRS 9, *Financial instruments*, management conducted annual impairment test to assess the recoverability of the carrying value of these investments and the loans.

A significant management judgement is necessary in this process.

The recoverable amount is considered to be a key audit matter due to significant management judgement, as described above, and due to the significance of the balances to the Company's separate balance sheet.

revenue recognition as part of our audit. Our audit approach included testing of the controls and substantive audit procedures, including:

- Assessing the environment of the IT systems related to invoicing and measurement as well as other relevant systems supporting the accounting of revenue, including the implemented controls of system changes.
- Assessing the design of the processes set up to account for the transactions in accordance with the IFRS 15 and testing their operating effectiveness.
- Assessing the invoicing and measurement systems up to entries in the general ledger.
- Examining customer invoices and receipts of payment on a sample basis.
- Assessing accuracy and completeness of the separate and consolidated financial statements presentation and disclosures.

Our audit approach to testing subsequent measurement of investments in subsidiaries and loans to subsidiaries comprised of the following procedures:

- Assessing whether the recoverable amount is appropriately determined in accordance with requirements of IAS 36 for investments in subsidiaries and IFRS 9 for loans to subsidiaries.
- Our internal valuation expert evaluated the approach and methods used by management. We assessed that the approach used was consistent with the requirements of applicable IFRSs.
- Testing mathematical accuracy of the valuation calculations.
- Assessment of assumptions applied to calculate discount rates.
- We have assessed completeness and accuracy of information disclosed in the notes to the separate financial statements.



How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group engagement team carried out audit work on the Company's separate financial statements. The Group engagement team determined Group audit materiality and issued audit instructions to component auditors and reviewed the work of component auditors.

Reporting on other information including the Business Report

Management is responsible for the other information. The other information comprises "Telekom Slovenija Group in 2022", the "Business Report" and "Appendix" (but does not include the consolidated and separate financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not and will not cover the other information, including the Business Report and except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report, we also performed procedures required by the Slovenian Companies Act. Those procedures include assessing whether the Business Report is consistent with the consolidated and separate financial statements and whether the Business Report was prepared in accordance with valid legal requirements.

Based on the work undertaken in the course of our audit, in our opinion:

- the information given in the Business Report for the financial year for which the consolidated and separate financial statements are prepared is, in all material respects, consistent with the consolidated and separate financial statements; and
- the Business Report has been prepared, in all material respects, in accordance with the requirements of the Slovenian Companies Act.

In addition, in the light of knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the other information that we obtained prior to the date of this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated and separate financial statements

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Appointment

We were first appointed as auditors of the Group and the Company at the shareholders meeting of the Company on 5 June 2020 for the financial year ended 31 December 2020. The president of the supervisory board signed the audit contract on 28 July 2020. The contract was concluded for 3 years. Our uninterrupted engagement appointment for the Group and the Company, as a public interest entity, is 3 years.

The key audit partners on the audit resulting in this independent auditor's report are Damjan Ahčin and Primož Kovačič.

Report on the compliance of the presentation of consolidated and separate financial statements with the requirements of the European Single Electronic Format ("ESEF")

We have been engaged based on our agreement by management of the Company to conduct a reasonable assurance engagement for the verification of compliance with the applicable requirements of the presentation of the consolidated and separate financial statements of TELEKOM SLOVENIJE's Group and the Company for the year ended 31 December 2022 (the "Presentation of the consolidated and separate financial statements").

Description of a subject matter and applicable criteria

The Presentation of the consolidated and separate financial statements has been applied by management of the Company to comply with the requirements of art. 3 and 4 of the Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regard to regulatory technical standards on the specification of a single electronic reporting format (the "ESEF Regulation"). The applicable requirements regarding the Presentation of the consolidated and separate financial statements are contained in the ESEF Regulation.



The requirements described in the preceding sentence determine the basis for application of the Presentation of the consolidated and separate financial statements and, in our view, constitute appropriate criteria to form a reasonable assurance conclusion.

Responsibility of management and those charged with governance

Management of the Company is responsible for the Presentation of the consolidated and separate financial statements that complies with the requirements of the ESEF Regulation.

This responsibility includes the selection and application of appropriate markups in iXBRL in the consolidated and separate financial statements using ESEF taxonomy and designing, implementing and maintaining internal controls relevant for the preparation of the Presentation of the consolidated and separate financial statements which is free from material non-compliance with the requirements of the ESEF Regulation.

Those charged with governance are responsible for overseeing the financial reporting process, which should also be understood as the preparation of the consolidated and separate financial statements in accordance with the format resulting from the ESEF Regulation.

Our responsibility

Our responsibility was to express a reasonable assurance conclusion whether the Presentation of the consolidated and separate financial statements complies, in all material respects, with the ESEF Regulation.

We conducted our engagement in accordance with the International Standard on Assurance Engagements 3000 (R) - 'Assurance Engagements other than Audits and Reviews of Historical Financial Information' (ISAE 3000(R)). This standard requires that we comply with ethical requirements, plan and perform procedures to obtain reasonable assurance whether the Presentation of the consolidated and separate financial statements complies, in all material respects, with the applicable requirements.

Reasonable assurance is a high level of assurance, but it does not guarantee that the service performed in accordance with ISAE 3000 (R) will always detect the existing material misstatement (significant non-compliance with the requirements).

Quality control requirements and professional ethics

We apply the provisions of the International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.



Summary of the work performed

Our planned and performed procedures were aimed at obtaining reasonable assurance that the Presentation of the consolidated and separate financial statements complies, in all material respects, with the applicable requirements and such compliance is free from material errors or omissions. Our procedures included in particular:

- obtaining an understanding of the internal control system and processes relevant to the application of the Electronic Reporting Format of the consolidated and separate financial statements, including the preparation of the XHTML format and marking up the consolidated and separate financial statements;
- verification whether the XHTML format was applied properly to the consolidated and separate financial statements;
- evaluating the completeness of marking up the consolidated and separate financial statements using the iXBRL markup language according to the requirements of the implementation of electronic format as described in the ESEF Regulation;
- evaluating the appropriateness of the Group's use of XBRL markups in the consolidated and separate financial statements selected from the ESEF taxonomy and the creation of extension markups where no suitable element in the ESEF taxonomy has been identified; and
- evaluating the appropriateness of anchoring of the extension elements to the ESEF taxonomy for the preparation of the consolidated and separate financial statements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

In our opinion, based on the procedures performed, the Presentation of the consolidated and separate financial statements complies, in all material respects, with the ESEF Regulation.

For and on behalf of PricewaterhouseCoopers d.o.o.:

Damjan Ahčin
Director, Certified auditor

Primož Kovačič
Director, Certified auditor

26 April 2023

Ljubljana, Slovenia

Translation note:
This version of our report is a translation from the original, which was prepared in Slovenian. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

10

APPENDIX

10.1

TELEKOM SLOVENIJE GROUP COMPANIES

Telekom Slovenije, d.d. is the parent company of the Telekom Slovenije Group.



Company:	Telekom Slovenije, d. d.
Registered office:	Ljubljana
Address:	Cigaletova ulica 15, 1000 Ljubljana
Registration number:	5014018000
VAT ID number:	SI98511734
Entry in the companies register:	1/24624/00, Ljubljana District Court
Number of shares:	6,535,478
Ticker symbol of no-par-value shares:	TLSG
Telephone:	+386 1 234 10 00
Fax:	+386 1 231 47 36
Website:	http://www.telekom.si
Email:	info@telekom.si
LinkedIn:	https://www.linkedin.com/company/telekom-slovenije
Facebook:	https://sl-si.facebook.com/TelekomSlovenije
Twitter:	@TelekomSlo
Instagram:	Telekom_Slovenije
YouTube:	TelekomSlovenije



SUBSIDIARIES IN THE GROUP

Companies in Slovenia

Company:	GVO, gradnja in vzdrževanje telekomunikacijskih omrežij, d.o.o.
Registered office:	Ljubljana
Address:	Cigaletova ulica 10, 1000 Ljubljana
Telephone:	+386 1 234 19 50
Website:	www.gvo.si
Email:	gvo@telekom.si
Company:	GVO Telekommunikation GmbH
Registered office:	DE 48683 Ahaus, Germany
Address:	Schorlemer Straße 48
Company:	Optic-Tel telekomunikacije, d.o.o
Registered office:	Ljubljana
Address:	Cigaletova 10, Ljubljana
Company:	Infratel, telekomunikacijska infrastruktura, d.o.o.
Registered office:	Ljubljana
Address:	Cigaletova 10, Ljubljana

avtenta.

Company:	Avtenta, napredne poslovne rešitve, d.o.o.
Registered office:	Ljubljana
Address:	Stegne 19, 1000 Ljubljana
Telephone:	+386 1 583 68 00
Website:	www.avtenta.si
Email:	prodaja@avtenta.si, marketing@avtenta.si

TSmedia

Company:	TSmedia, medijske vsebine in storitve, d.o.o.
Registered office:	Ljubljana
Address:	Cigaletova 15, 1000 Ljubljana
Telephone:	+386 1 473 00 10
Website:	www.tsmedia.si
Email:	info@tsmedia.si



Company:	Soline Pridelava soli, d.o.o.
Registered office:	Seča
Address:	Seča 115, 6320 Portorož/Portorose
Telephone:	+386 5 672 13 43
Website:	www.soline.si
Email:	info@soline.si

TSinpo

Company:	TSinpo, storitveno in invalidsko podjetje, d.o.o.
Registered office:	Ljubljana
Address:	Litostrojska cesta 58A, 1000 Ljubljana
Telephone:	+386 1 500 60 60
Website:	www.tsinpo.si
Email:	info@tsinpo.si

Companies abroad



Company:	IPKO Telecommunications LLC
Registered office:	Prishtina, Kosovo
Address:	Lagija Ulpiana Rruga Zija Shemsiu Nr. 34, Prishtina
Tel.:	+381 38 700 700
Website:	www.ipko.com
Email:	info@ipko.com

SIOL

Company:	SIOL d.o.o.
Registered office:	Zagreb, Croatia
Address:	Margaretska 3
Website:	http://www.siol.com/

SIOL

Company:	SiOL d.o.o., Sarajevo
Registered office:	Sarajevo, Bosnia and Herzegovina
Address:	Fra Anđela Zvizdovića 1

SIOL

Company:	SIOL d.o.o., Podgorica
Registered office:	Podgorica, Montenegro
Address:	Džordža Vašingtona 108/36A, The Capital Plaza

SIOL

Company:	SIOL DOOEL Skopje
Registered office:	Skopje, North Macedonia
Address:	Str. Naum naumovski borce no. 50/2-12, SKOPJE – CENTAR, CENTAR

SIOL

Company:	SIOL, d.o.o., Belgrade-Palilula
Registered office:	Belgrade, Serbia
Address:	27. marta 11

SIOL

Company:	SIOL Prishtina L.L.C.
Registered office:	Prishtina, Kosovo
Address:	Pejton, Str. Mujo Ulqinaku 5/1



10.2

ABBREVIATIONS OF TECHNICAL TERMS

Abbreviation	English term	Slovene translation
2G [GSM]	Global System for Mobile Communication	Globalni sistem mobilnih komunikacij
3G [UMTS]	Universal Mobile Telecommunications System	Univerzalni mobilni telekomunikacijski sistem/protokol 3G
4G [LTE]	Long-Term Evolution	LTE/4G, post LTE/4G, po 3 GPP mobilnem standardu
4G [LTE-A]	Long-Term Evolution Advanced	LTE/4G z višjo prenosno hitrostjo podatkov [več kot 300 Mb/s]
5G	5 th generation mobile network	Mobilno omrežje pete generacije
AKOS	Agency for Communication Networks and Services of the Republic of Slovenia	Agencija za komunikacijska omrežja in storitve RS
APM	Alternative Performance Measures	Alternativna merila uspešnosti poslovanja
ARKEP	Regulatory Authority of Electronic and Postal Communications of Kosovo	Agencija za elektronske in poštne komunikacije Kosova
ARPU	Average Revenue Per User	Povprečni prihodek na uporabnika
AVK	Slovenian Competition Protection Agency	Javna agencija Republike Slovenije za varstvo konkurence
BCaaS	Business Connect as a Service	Sodobna rešitev za upravljanje dokumentarnega gradiva kot storitev
BCMS/SUNP	Business continuity management system	Sistem upravljanja neprekinjenega poslovanja
BSI	Brand Strength Index	Indeks moči znamke
BSS	Business Support System	Sistem za podporo poslovanju
BSS/OSS	Business/Operational Support System	Sistem za podporo poslovnega procesa / sistemi za operativni podporni proces
	Cloud services	Storitve v oblaku
CAGR	Compound Annual Growth Rate	Povprečni letni prirast
CAPEX	Capital Expenditure	Vrednost investicij
COBN/GOŠO	Construction of open broadband network	Gradnja odprtega širokopasovnega omrežja [bele lise – subvencionirano s sredstvi EU]
COSO ERM	Committee of Sponsoring Organizations of the Treadway Commission, Enterprise risk management Integrated Framework	Odbor sponzorskih organizacij Treadwayeve komisije, Upravljanje tveganj v organizaciji v povezavi s strategijo in delovanjem organizacije
CRM	Customer Relationship Management	Sistemi za upravljanje uporabnikov
CSI	Customer Satisfaction Index	Indeks zadovoljstva uporabnikov
CSOC/OCKV	Cyber Security Operations Center	Operativni center kibernetске varnosti
CSP	Cloud Solution Provider	Ponudnik rešitev v oblaku
CSRD	Corporate Sustainability Reporting Directive	Direktiva o trajnostnem poročanju

Abbreviation	English term	Slovene translation
CWDM	Coarse Wavelength Division Multiplexing	Optična tehnologija, ki omogoča širjenje do 8 prenosnih kanalov po enem optičnem vlaknu, vsak kanal po ločeni valovni dolžini, oziroma barvi.
DDOS	Distributed Denial of Services	Porazdeljena zavrnitev storitve
DDV/VAT	Value added tax	Davek na dodano vrednost
DTV	Digital television	Digitalna TV
DWDM	Dense Wavelength Division Multiplex	Gosti valovni multipleks
EBIT	Earnings before interest and taxes	Dobiček iz poslovanja pred obrestmi in davki
EBITDA	Earnings before interest, taxes, depreciation and amortisation	Dobiček iz poslovanja pred obrestmi, davki in amortizacijo
EDI	Electronic Data Interchange	Elektronska izmenjava podatkov
EECC	European Electronic Communications Code	European Electronic Communications Code
EEMS	Efficient Energy Management System	Učinkovit sistem upravljanja z energijo
EFQM	European Foundation for Quality Management	Evropska nagrada za poslovno odličnost
EMS	Electromagnetic radiation	Elektromagnetna sevanja
ERP	Enterprise resource planning	Poslovni informacijski sistem
ESMA	European Securities and Markets Authority	Evropski nadzorni organ za vrednostne papirje in trge
ETNO	European Telecommunications Network Operators	Evropsko združenje telekomunikacijskih operaterjev
EU	European Union	Evropska unija
FTTH	Fibre To The Home	Optično vlakno do doma
FTTx	Fibre To The Exchange	Optika do X
GDP	Gross Domestic Product	Bruto domači proizvod
GRI	Global Reporting Initiative	Pobuda za globalno poročanje
IaaS	Infrastructure as a Service	Infrastruktura kot storitev
ICNIRP	International Commission on Non-Ionizing Radiation Protection	Mednarodna komisija za varstvo pred neionizirnimi sevanji
ICT/IKT	Information and Communication Technologies	Informacijsko komunikacijske tehnologije
IFRS/MSRP	International Financial Reporting Standards	Mednarodni standardi računovodskega poročanja
IMAD/UMAR	Institute of Macroeconomic Analysis and Development	Urad za makroekonomske analize in razvoj
IoT	Internet of Things	Internet stvari
IPTV	IP television	Televizija prek internetnega protokola
ISMS/SVVI	Information Security Management System	Sistem vodenja varovanja informacij
ISO	International Organization for Standardization	Mednarodna organizacija za standardizacijo
IT	Information technology	Informacijska tehnologija

Abbreviation	English term	Slovene translation
KDD	Central Securities Clearing Corporation	Centralna klirinško depotna družba
KEDS	Kosovo Energy Distribution Services	Kosovsko elektrodistribucijsko podjetje
KPI	Key Performance Indicators	Ključni kazalniki poslovanja
LTE	Long-Term Evolution	LTE/4G, post LTE/4G, po 3 GPP mobilnem standardu
LTE-A	Long-Term Evolution Advanced	LTE/4G z višjo prenosno hitrostjo podatkov (več kot 300 Mb/s)
LTE-M	Long Term Evolution Machine Type Communication	LTE/4G s strojno komunikacijo
MEC	Multi-Access Edge Computing	Sodostopno računalništvo na robu
MOSS	Slovenian ranking reach of websites	Merjenje obiskanosti spletnih strani
MPLS	Multiprotocol Label Switching	Tehnologija za posredovanje, usmerjanje in preklapljanje prometnih tokov skozi omrežje
MSAN	Multi-Service Access Node	Večnamenski dostopni node
NEO	Smart life platform that connects the best home and entertainment solutions in one place.	Platforma za pametno življenje, ki na enem mestu povezuje najboljše rešitve za dom in zabavo
NFD	Net financial debt	Neto finančni dolg
NPS	Net Promoter Score	Kazalnik lojalnosti uporabnikov
NSA	Non-stand-alone	5G nesamostojna arhitektura
OPEX	Operational Expenditure	Stroški poslovanja brez amortizacije
OSS	Operational support system	Sistem za podporo delovanja
OŠO/OBN	Open broadband networks	Odprta širokopasovna omrežja
OTT	Over-the-top content	Storitve, ki delujejo neodvisno od omrežja - distribucija video- in avdiovsebin prek interneta
PaaS	Platform as a Service	Platforma kot storitev
POP	Point of Presence	Točka prisotnosti
	Roam like at home	Gostuj kot doma
ROADM	Reconfigurable Optical Add-Drop Multiplexer	Nastavljiv optični multipleksor za dodajanje in odvzemanje
ROE	Return on Equity	Dobičkonosnost kapitala
RON	Regional Optical Network	Regionalno optično omrežje
	Small cell	Mala celica
SA	Stand-alone	5G samostojna arhitektura
SaaS	Software as a Service	Programska oprema kot storitev
SAP	Systems Applications and Products	Programska oprema za posel
SAPaaS	SAP as a Service	Aplikacija SAP
SASB	Sustainability Accounting Standards Board	Odbor za trajnostne računovodske standarde

Abbreviation	English term	Slovene translation
SDG	Sustainable Development Goals	Cilji trajnostnega razvoja
SDH		Slovenski državni holding
SLA	Service Level Agreement	Sporazum o ravni zagotavljanja storitve
SMS	Short Message Service	Storitev kratkih sporočil
SPLA	Service Provider Licence Agreement	Licenčni sporazum za ponudnika storitev
SSNP/KPSS	Sečovlje Salina Nature Park	Krajinski park Sečoveljske soline
SURS	Statistical Office of the Republic of Slovenia	Statistični urad Republike Slovenije
TDM	Time Division Multiplex	Časovni multipleks, sistem s porazdeljevanjem časa
TISAX	Trusted Information Security Assessment Exchange	Mehanizem za ocenjevanje in izmenjavo informacijske varnosti v avtomobilski industriji.
TLSG	Shares of Telekom Slovenije	Delnica družbe Telekom Slovenije
TOM Telephone	Phone for children and adolescents	Telefon za otroke in mladostnike
TSLO-CERT	Telekom Slovenije’s Computer Emergency Response Team	Odzivni center za kibernetsko varnost Telekom Slovenije
UMTS/HSPA	Universal Mobile Telecommunications System/High Speed Packet Access	Univerzalni mobilni telekomunikacijski sistem/protokol 3G, ki pomeni nadgradnjo omrežja UMTS in omogoča večje prenosne hitrosti
VALÚ	Advanced financial service that facilitates payments with a mobile phone at numerous payment points with the VALÚ mark.	Napredna finančna storitev, ki omogoča plačevanje z mobilnim telefonom na številnih plačilnih mestih z oznako VALÚ.
VDSL	Very High Speed Digital Subscriber Line	Digitalni naročniški vod z zelo visokimi hitrostmi
VNF	Virtual Network Function	Funkcija navideznega omrežja
VoIP	Voice over IP	Govor prek IP-protokola
VPN	Virtual private network	Navidezno zasebno omrežje
WB6	Western Balkan 6 Initiative	Dogovor Zahodni Balkan 6
Wi-Fi	Wireless Fidelity	Brezžično omrežje po standardih IEEE 802.11
XGS-PON	Technology that can deliver upstream and downstream [symmetrical] speeds	Tehnologija, ki omogoča prenašanje podatkov od uporabnika in k njemu v enakih hitrostih
ZB	Western Balkans	Zahodni Balkan
ZDUS	Association of Pensioner Societies of Slovenia	Zveza društev upokojencev Slovenije
ZEK-om-2	Electronic Communications Act	Zakon o elektronskih komunikacijah
ZGD	Companies Act	Zakon o gospodarskih družbah
ZPPOGD	Act Governing the Remuneration of Managers of Companies with Majority Ownership held by the Republic of Slovenia or Self-Governing Local Communities	Zakon o prejemkih poslovnih oseb v gospodarskih družbah v večinski lasti Republike Slovenije in samoupravnih lokalnih skupnostih
ZVOP	Personal Data Protection Act	Zakon o varstvu osebnih podatkov

10.3

ALTERNATIVE PERFORMANCE MEASURES

The Telekom Slovenije Group also uses the Alternative Performance Measures [APMs] defined by the ESMA to present its operating results.

The Telekom Slovenije Group also uses APMs to plan the operations of organisational units, subsidiaries and the Group, in reporting for the internal needs of monitoring the implementation of plans, and for setting of the objectives of organisational units and individuals for the needs of the remuneration system.

Items are expressed in values rounded to the nearest one thousand, except where it is stated that a measure is given in euros. The number of employees based on hours worked is not calculated for the Telekom Slovenije Group. The average number of employees is thus calculated based on the balance at the beginning and end of the period.

All proportions are expressed in percentages, generally rounded to one decimal place, or as the ratio between two categories.

Alternative Performance Measures are disclosed between key operating highlights and are as follows:

Alternative performance measure	Calculation methodology	Selection of measure
EBIT [earnings before interest and taxes]	Operating revenues – operating expenses	One of the key indicators of the performance of a company, and an indicator of the profitability that a company achieves in the performance of its core activity.
Adjusted EBIT [operating profit]	Operating revenues – operating expenses taking into account one-off events that are not part of ordinary operations, such as one-time impairments of assets, adjustments for IFRS 16, etc.; stated under the calculation table.	We eliminate the effects of one-off events for the sake of consistency and the comparability of operations with the previous year.
EBITDA [earnings before interest, taxes, depreciation and amortisation]	EBIT + depreciation and amortisation	Operating profit or loss before write-downs. Indicator of the performance of a company in its core activity and a good approximation of cash flows from operating activities.
Adjusted EBITDA	EBIT + depreciation and amortisation taking into account adjustments for one-off events that are not part of ordinary operations, such as one-time impairments of assets, adjustments for IFRS 16, etc.; stated under the calculation table.	We eliminate the effects of one-off events for the sake of consistency and the comparability of operations with the previous year.
EBITDA margin as a proportion of sales revenue [%]	EBITDA / sales revenue x 100	Measure of commercial success and profitability.
EBITDA margin as a % of operating revenues	EBITDA / operating revenues x 100	Measure of commercial success and profitability. The measure is used by SDH to measure the performance of companies with capital assets of the state.
Adjusted net profit or loss	Net profit or loss after taxes taking into account adjustments for one-off events that are not part of ordinary operations, such as one-time impairments of assets, adjustments for IFRS 16, etc.; stated under the calculation table.	We eliminate the effects of one-off events for the sake of consistency and the comparability of operations with the previous year.
EBITDA – CAPEX	EBITDA – value of investments in the acquisition of property, plant and equipment and intangible assets	Indicator of free cash flow.

Alternative performance measure	Calculation methodology	Selection of measure
Ratio of [EBITDA – CAPEX] to EBITDA [cash margin]	[EBITDA – value of investments in the acquisition of property, plant and equipment and intangible assets] / EBITDA	
Leverage ratio	Equity ratio	Equity financing ratio
Distributed economic value	Operating costs + labour costs + dividends + corporate income tax	Scope of generated assets divided amongst stakeholders.
Value added	Labour costs + finance costs + pre-tax profit	Operating results that are allocated to: employees in the form of wages and reimbursements; to lenders and creditors in the form of interest and other fees; to owners in the form of dividends and other types of compensation; to a company through the creation of reserves and retained earnings, and to the state in the form of taxes.
Value added per employee [in EUR]	[(Value added / (number of employees at the beginning of the period + the number of employees at the end of the period) / 2)] x 1,000	Productivity ratio that indicates how much value, on average, relates to a single employee in a given period.
Gross added value per employee	[(Gross operating profit – costs of goods, materials and services – other operating expenses) / [(number of employees at the beginning of the period + the number of employees at the end of the period) / 2]] x 1,000	Basic economic indicator and basic measure of economic activity and success. Represents the newly generated value of a company in a given period. The measure is also used by SDH to measure the performance of companies with capital assets of the state.
Return on sales	EBIT / sales revenues	Indicator of a company's pricing policy and ability to control costs.
NFD [net financial debt]	Non-current financial liabilities + current financial liabilities – cash and cash equivalents – current financial assets	Current and non-current financial liabilities, less liquid assets that can be used to repay those liabilities.
Net financial debt to EBITDA ratio	NFD/EBITDA	Ratio that indicates how many years would be required to repay financial debt from existing liquid assets and cash flows from operating activities, assuming the same level of operations and profitability
ROE [net return on equity] in %	Net profit or loss / [value of equity on first day of period + value of equity on last day of period] / 2] x 100	Indicator of a company's efficiency in the generation of profit from sources provided by owners and/or shareholders. The measure is also used by SDH to measure the performance of companies with capital assets of the state.
CAPEX as a proportion of operating revenues	[Gross] outflows for the acquisition of property, plant and equipment and intangible assets / operating revenues.	The measure is also used by SDH to measure the performance of companies with capital assets of the state.
Sponsorships and donations as a proportion of net sales revenue	Sponsorships and donations / net sales revenue	Indicator of the value of a company's investments in the social environment. The measure is also used by SDH to measure the performance of companies with capital assets of the state.

10.4

COMMITMENTS AND MEMBERSHIP IN ASSOCIATIONS¹¹⁰

In accordance with the strategic objectives and Code of Ethics of the Telekom Slovenije Group, our employees establish links and exchange experience and expertise through corporate or individual membership in numerous professional organisations and associations. We thus build successful business links, create development opportunities and ensure the professional positioning of the Telekom Slovenije Group. Group companies are members or their employees serve as members of the boards of directors, expert and strategic councils, and other bodies of the following organisations:

Slovenia – Telekom Slovenije	Membership in international organisations – Telekom Slovenije
<ul style="list-style-type: none">Slovenian Association of FacilitatorsMarketing Society of Slovenia [also TSmedia]: annual partners of the societyEuropean Institute for Compliance and Ethics [EICE]Slovenian Chamber of Commerce and Industry: participant in the general meeting and member of the management board of the Information Technology and Telecommunications Association, and member of the Section of Electronic Communications OperatorsAmerican Chamber of Commerce [also TSmedia]INIS – Institute for Non-Ionising Radiation: participant in the Forum EMS projectInstitute for Corporate Security StudiesInstitute of Labour at the Faculty of Law in LjubljanaInstitute for Labour Relations and Social Security at the Faculty of Law in MariborSlovenian Chamber of Engineers [also GVO]Slovenian Chamber of Crafts [also GVO]Slovenian Institute of AuditorsSlovenian Institute for StandardisationSlovenian Initiative for transition to IPv6: gold membershipSlovenian Advertising Chamber [also TSmedia]: membership on the board of directors, membership on the council of members, executive board and expert committee of the council of members of MOSS [measurement of visits to Slovenian websites]Slovenian Public Relations AssociationSlovenian Oracle Users Association [SIOUG]Slovenian Advertising Association [functioning under the auspices of the Slovenian Advertising Chamber]Slovenian Project Management AssociationSlovenian Association of Risk Management and Insurance ManagementSmart cities and communities strategic development-innovation partnership [SRIP PMiS]Study Centre for Industrial DemocracyIAB – Institute for a Digital Society [also TSmedia]Institute for Identification and Electronic Data ExchangeICT Technology NetworkChamber for the Development of Slovenian Private SecurityAssociation of Employers of Slovenia [also GVO]Cable Operators Association of SloveniaSlovenian Directors’ AssociationInstitute of Internal Auditors [IIA]Slovenian Corporate Treasurers AssociationAssociation of Slovenian Digital Television Operators	<ul style="list-style-type: none">Association of Certified Fraud Examiners [ACFE]Broadband ForumECO – European Association of the Internet IndustryEuropean Telecommunications Network Operators’ Association [ETNO]GSM AssociationGEANT: membership in the Trusted Introducer group in the area of Computer Security Incident Response Teams [CSIRT]Institute of Electrical and Electronics Engineers [IEEE, Slovenian Section]Information Systems Audit and Control Association [ISACA]TM Forum – association of ICT service providers, their suppliers, integrators and manufacturersRIPE Network Coordination Centre [regional web register]Search and Information Industry Association [SIINDA] – TSmediaTrusted Introducer: Directory: TSLO-CERT [trusted-introducer.org]
	Social, environmental and economic initiatives in which Telekom Slovenije and Group companies are included:
	<ul style="list-style-type: none">Family-Friendly Company certificateEuropean Framework for Safer Mobile Use by Younger Teenagers and ChildrenActivities for safer internet use – SAFE.SI [also TSmedia]A code for regulating hate speech on websites [Siol.net digital media]Natura 2000, a European network of special protection areas [Soline]Alliance of Companies Employing Disabled People of Slovenia [TSinpo, as founding member of interest association]Slovenian Corporate Integrity GuidelinesCommitment to respect human rights in the course of operations in the scope of the National Action Plan of the Republic of Slovenia on the Respect of Human Rights in BusinessSocially Responsible Employer Certificate
	Kosovo – IPKO
	<ul style="list-style-type: none">Chamber of CommerceAmerican Chamber of CommerceEuropean Investors Council

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10.5

CONTENT ACCORDING TO GRI REPORTING STANDARDS

Statement of use	The Telekom Slovenije Group reported in accordance with the GRI standards for the period 1 January 2022 to 31 December 2022			
GRI 1 used	GRI 1: Foundation 2021			
Applicable GRI Sector Standard[s]	GRI G4 – Media, GRI 2002 – Telecommunications			
GRI standard	Description of disclosure	Section/page	Omitted requirements	Reason and explanation for omission
GENERAL DISCLOSURES				
Organisation and its reporting practices				
2-1	Organisational details	1.1/9-10 6./60-63		
2-2	Entities included in the organisation’s sustainability reporting	1.2/11		
2-3	Reporting period, frequency and contact point	1.1/9-10 1.2/11		
2-4	Restatements of information	1.2/11		
2-5	External assurance of reporting			Annual reports have been regularly handed over to external verification since 2009. In 2022, we have not decided to verify sustainability reporting, and we will do so for calendar year 2023.
2-6	Activities, value chain and other business relationships	6./60-63 7.6.1/89-94 7.6.2/94-102 8.3/148-149		
2-7	Employees	8.2.3/133-147	2-7-b-iii	Not relevant. Telekom Slovenije Group companies do not have non-guaranteed hours employees.
2-8	Workers who are not employees		Data not available/incomplete.	Data not available/incomplete
Management and governance				
2-9	Governance structure and composition	5.3/45-56		Responsibility relating to the environment is defined in the scope of the ISO 14001 standard.
2-10	Nomination and selection of the highest governance body	5.3/45-56		
2-11	Chair of the highest governance body	5.3/45-56		
2-12	Role of the highest governance body in overseeing the management of impacts	8.1.2/114-120		
2-13	Delegation of responsibility for managing impacts	8.1.2/114-120		
2-14	Role of the highest governance body in sustainability reporting			Telekom Slovenije Group's annual report is integrated and includes information on sustainable business. The report is considered and confirmed by the Management Board and the Supervisory Board of Telekom Slovenije.
2-15	Conflicts of interest	5.3/45-56		
2-16	Communication of critical concerns	8.1.2/114-120		
2-17	Collective knowledge of the highest governance body		Data not available.	More comprehensive data will be obtained in 2023

2-18	Evaluation of the performance of the highest governance body	5.3/45-56		
2-19	Remuneration policies	5.3/45-56		
2-20	Process to determine remuneration	5.3/45-56		
2-21	Annual total compensation ratio	5.3/45-56		
Strategies, polices and practices				
2-22	Statement on sustainable development strategy	2./26-29	The Group's sustainable development objectives are defined in the Strategic Business Plan (SBP) for the period until 2026, which was adopted by Telekom Slovenije's Management Board. Strategic policies are also accessible on the Company's website at https://www.telekom.si/en/about-us/company/strategic-objectives].	
2-23	Policy commitments	4.1/34 8.4/150-157 8.1.2/114-120		
2-24	Embedding policy commitments	8.1.2/114-120 8.4/150-157		
2-25	Processes to remediate negative impacts	8.1.2/114-120		
2-26	Mechanisms for seeking advice and raising concerns	8.1.2/114-120		
2-27	Compliance with laws and regulations	8.1.2/114-120		
2-28	Membership in associations	10.4/282		
Stakeholder engagement				
2-29	Approach to stakeholder engagement	1.5/17-19 6./60-63 8.2.2/126-133 8.2.3/133-147		
2-30	Collective bargaining agreements	8.2.3/133-147		
GRI 3: Material topics				
GRI standard	Description of disclosure	Section/page	Omitted requirements	Reason and explanation for omission
3-1	Process to determine material topics	1.3/12-13		
3-2	List of material topics	1.3/12-13		
ECONOMIC IMPACTS				
GRI 201: Economic performance 2016				
3-3	Management of material topics	4.3/36-37		
201-1	Direct economic value generated and distributed	◦ revenue: 1.6/20-23 7.3/83-85, 7.6/89-105 ◦ donations and other investments in social environment: 8.2.1/124-125	We only report on taxes for the Telekom Slovenije Group.	
201-2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	7.2/72-82	We do not report on financial consequences.	
201-3	Defined benefit plan obligations and other retirement plans	8.2.3/133-147		
GRI 202: Market presence 2016				
3-3	Management of material topics	4.3/36-37		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	8.2.3/133-147		



GRI 203: Indirect economic impacts 2016			
3-3	Management of material topics	◦ investments in fixed assets 7.5/88 ◦ research and development of networks: 8.1.1/108-113	
203-1	Development and impact of significant infrastructure investments and services supported by the organisation	7.5/88 8.1.1/108-113	
GRI 204: Procurement practices 2016			
3-3	Management of material topics	8.3/148-149	
204-1	Proportion of spending on local suppliers	8.3/148-149	
GRI 205: Anti-corruption 2016			
3-3	Management of material topics	8.1.2/114-120	
205-2	Communication and training about anti-corruption policies and procedures	8.1.2/114-120	The number of hours is reported for Telekom Slovenije.
205-3	Confirmed incidents of corruption and actions taken	8.1.2/114-120	
GRI 206: Anti-competitive behavior 2016			
3-3	Management of material topics	8.1.2/114-120	
206-1	Number of legal proceedings for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes	8.1.2/114-120	
GRI 207: Tax 2019			
3-3 207-1	Approach to tax Management of material topics	8.1.2/114-120	We do not report on the evaluation of the approach to the management of taxes or on the link between the management of tax liabilities and sustainable development.
207-2	Tax governance, control and risk management	8.1.2/114-120	Tax-related disclosures are verified by an independent external auditor. The auditor's opinion can be found on page 254 of the accounting report.
207-3	Stakeholder engagement	8.1.2/114-120	We include stakeholders and tax-related regulatory bodies in the process of fulfilling tax obligations.
207-4	Country-by-country reporting	Note 5 in the accounting report (composition of the Telekom Slovenije Group), pp. 192-194] and Note 14 - Income tax, deferred tax assets and tax liabilities, p. 202.	
ENVIRONMENTAL IMPACTS			
GRI 302: Energy 2016			
3-3	Management of material topics	8.4/150-157	The area of energy is governed in Slovenia by the Energy Act. We also have in place a system in accordance with international standards ISO 50001 [energy management system] and ISO 14001 [environmental management system].
302-1	Energy consumption within the organisation	8.4/150-157	We report on electricity consumption in kWh for Telekom Slovenije. We report on the consumption of heating fuel in euros. We do not report on energy sources consumed [renewable and non-renewable sources]. We use electricity produced by solar plants strictly for own needs.
302-4	Reduction of energy consumption	8.4/150-157	We report the relevant reductions in consumption for Telekom Slovenije.

GRI 303: Waste and effluents 2018			
3-3	Management of material topics	8.4/150-157	
303-1	Interactions with water as a shared resource	8.4/150-157	We only report on how water is withdrawn and discharged.
303-2	Management of water discharge-related impacts	8.4/150-157	We do not report on the methodology/ standards used to determine the consumption and quality of the discharge of water.
303-3	Water withdrawal	8.4/150-157	
GRI 304: Biodiversity 2016			
3-3	Management of material topics	8.4/150-157	
304-1	Location and size of land managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	8.4/150-157	We report on the location and size of land managed by the company in protected natural areas.
304-3	Habitats protected or restored	8.4/150-157	We do not report on the methodologies that were used for that purpose.
304-4	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations	8.4/150-157	
GRI 305: Emissions 2016			
3-3	Management of material topics	8.4/150-157	We control the evaluation of the approach in accordance with the ISO 14001 standard.
305-1	Direct greenhouse gas emissions [Scope 1]	8.4/150-157	
305-2	Energy indirect [Scope 2] GHG emissions	8.4/150-157	
305-3	Other indirect [Scope 3] GHG emissions	8.4/150-157	
GRI 306: Waste 2020			
3-3	Management of material topics	8.4/150-157	We control the evaluation of the approach in accordance with the ISO 14001 standard.
306-1	Waste generation and significant waste-related impacts	8.4/150-157	
306-2	Management of significant waste-related impacts	8.4/150-157	
306-3	Waste generated	8.4/150-157	
SOCIAL IMPACTS			
GRI 401: Employment 2016			
3-3	Management of material topics	8.2.3/133-147	We do not report on the evaluation of the management approach.
401-1	New employee hires and employee turnover	8.2.3/133-147	Data by gender are not disclosed.
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	8.2.3/133-147	
401-3	Return to work and retention rates after parental leave, by gender	8.2.3/133-147	We report on the number and proportion of employees who took advantage of and returned from parental leave by gender.
GRI 402: Labour/management relations 2016			
3-3	Management of material topics	8.2.3/133-147	
402-1	Minimum notice period regarding significant operational changes, including whether this is specified in the collective agreement	8.2.3/133-147	Deadlines for notifying employees are in line with valid legislation and are not included in the collective agreement.



GRI 403: Occupational health and safety 2018			
3-3	Management of material topics	8.2.3/133-147	
403-1	Occupational health and safety management system	8.2.3/133-147	
403-2	Hazard identification, risk assessment and incident investigation	8.2.3/133-147	We only report on the identification of work-related hazards The Health Committee monitors and handles recommendations to improve the safety and health of employees.
403-3	Occupational health services	8.2.3/133-147	
403-4	Worker participation in the development, implementation and evaluation of the occupational health and safety system	8.2.3/133-147	
403-5	Training in the area of occupational health and safety	8.2.3/133-147	
403-6	Promotion of health	8.2.3/133-147	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked to a company's services and products		We define electromagnetic radiation as one of the more significant impacts of our operations. We inform employees about this topic via the intranet and users via brochures at points of sale.
403-8	Workers covered by an occupational health and safety management system	8.2.3/133-147	
403-9	Number of work-related injuries and rate	8.2.3/133-147	Reporting relates to the number of injuries.
GRI 404: Training and education 2016			
3-3	Management of material topics	8.2.3/133-147	
404-1	Average hours of training per employee by gender and by employee category	8.2.3/133-147	We report the absolute number of hours for the number of training hours by employee category.
404-2	Programmes for training and lifelong learning	8.2.3/133-147	
404-3	Percentage of employees receiving regular performance and career development reviews by gender	8.2.3/133-147	We do not report by employee category. We do not report by gender, as we do not make a distinction in this regard.
GRI: 405: Diversity and equal opportunity 2016			
3-3	Management of material topics	8.1.2/114-120	
405-1	Composition of governance bodies and the breakdown of employees by employee category (gender, age, minority group membership and other relevant indicators of diversity)	5.3/45-56, 8.2.3/133-147	We do not report by minorities, as we do not make a distinction in this regard. We do not report data regarding employees by age
405-2	Ratio of basic salary and remuneration of women to men, by significant locations of operation	8.2.3/133-147	
GRI 406: Non-discrimination 2016			
3-3	Management of material topics	8.1.2/114-120	
406-1	Total number of incidents of discrimination and corrective actions taken	8.2.3/133-147	
GRI 415: Public policy 2016			
3-3	Management of material topics	8.1.2/114-120	
415-1	Political contributions	8.1.2/114-120	

GRI 417: Marketing and labelling 2016			
3-3	Management of material topics	8.2.2/126-133	We do not report on product marking.
417-3	Total number of incidents of non-compliance with regulations and codes concerning marketing communications, including advertising, promotion and sponsorship, by type of non-compliance and by outcomes	8.2.2/126-133	
GRI 418: Customer privacy 2016			
3-3	Management of material topics	8.1.2/114-120	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	8.1.2/114-120	
SPECIFIC SECTOR INDICATORS (GRI 64) – MEDIA			
Accessibility to media content			
DMA		8.2.2/126-133	
G4-M4	Measures to improve accessibility to media content and the protection of vulnerable audiences	8.2.2/126-133	
SPECIFIC SECTOR INDICATORS GRI 2002 – TELECOMMUNICATIONS			
Internal operations			
I01	Infrastructure investments in the telecommunications network by region	7.5/88 8.1.1/108-113	
I03	Health and safety measures for field personnel	8.2.3/133-147	
Provision of access to ICT products and services			
PA1	Policies and practices for providing access to the telecommunications infrastructure, products and services to the population in remote, less populated regions	8.2.2/126-133	
PA2	Policies and practices for overcoming obstacles in accessing and using telecommunication products and services relating to the language, culture, illiteracy, deficient education, revenues, special needs and age	8.2.2/126-133	
PA4	Quantitative level of available telecommunication products and services in operating regions	- number of connections: 7.6/89 - network reliability and availability: 8.1.1/108-113 - coverage of population: 8.2.2/126-133	
PA6	Programmes for providing and maintaining telecommunication links and services in extraordinary circumstances and in the event of natural disasters	8.1.1/108-113	We manage emergencies with the business continuity management system.
PA8	Policies and practices to publicly communicate on EMR-related issues	8.4/150-157	
PA10	Initiatives to ensure the clarity of charges and tariffs	8.2.2/126-133	
Technological applications			
TA2	Examples of telecommunication products, services and applications that can replace some physical form of use [e.g. online telephone directories and video conferences].	7.6/89-94 8.4/150-157	



Content according to Sustainability Accounting Standard of the SASB (Sustainability Accounting Standards Board)			
Topic	Description of indicator	Section/page	Indicator code
Environmental footprint of operations	Energy consumption	8.4/150-157	TC-TL-130a.1
Competitive behaviour & open internet	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behaviour regulations	8.1.2/114-120	TC-TL-520a.1
	Average actual sustained download speed of owned and commercially-associated content	8.1.1/108-113	TC-TL-520a.2
Managing technology disruptions	System average interruption frequency and customer average interruption duration	8.1.1/108-113	TC-TL-550a.1
	Systems to provide unimpeded service during service interruptions	We manage emergencies with the business continuity management system.	TC-TL-550a.2
Product end-of-life management	Quantity of materials recovered through take back programmes, percentage of recovered materials that were used, reused, recycled and landfilled	Not available.	TC-TL-440a.1
Data privacy	Description of policies and practices relating to behavioural advertising and customer privacy	8.1.2/114-120	TC-TL-220a.1
	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	8.1.2/114-120	TC-TL-220a.3
	Number of law enforcement requests for customer information, number of customers whose information was requested	8.1.2/114-120	TC-TL-220a.4
Data security	Number of personal data breaches	8.1.2/114-120	TC-TL-230a.1
	Description of approach to identifying and addressing data security risks, including use of cybersecurity standards	8.1.2/114-120	TC-TL-230a.2
Data regarding operations	Number of wireless subscribers	7.6/89-94	TC-TL-000.A
	Number of wireline subscribers	7.6/89-94	TC-TL-000.B
	Number of broadband subscribers	7.6/89-94	TC-TL-000.C

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